

HOUSE FINANCE COMMITTEE
February 4, 2022
1:35 p.m.

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CALL TO ORDER

Co-Chair Merrick called the House Finance Committee meeting to order at 1:35 p.m.

MEMBERS PRESENT

Representative Kelly Merrick, Co-Chair
Representative Dan Ortiz, Vice-Chair
Representative Bryce Edgmon
Representative Andy Josephson
Representative Bart LeBon (via teleconference)
Representative Sara Rasmussen (via teleconference)
Representative Adam Wool

MEMBERS ABSENT

Representative Neal Foster, Co-Chair
Representative Ben Carpenter
Representative DeLena Johnson
Representative Steve Thompson

ALSO PRESENT

Neil Steininger, Director, Office of Management and Budget, Office of the Governor.

PRESENT VIA TELECONFERENCE

April Wilkerson, Administrative Services Director, Department of Corrections, Office of Management and Budget, Office of the Governor.

SUMMARY

HB 284 APPROP: SUPPLEMENTAL; AMENDING

HB 284 was HEARD and HELD in committee for further consideration.

OVERVIEW: FY 23 GOVERNOR'S SUPPLEMENTAL BUDGET

Co-Chair Merrick reviewed the meeting agenda.

#hb284

HOUSE BILL NO. 284

"An Act making supplemental appropriations; amending appropriations; capitalizing funds; and providing for an effective date."

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^OVERVIEW: FY 23 GOVERNOR'S SUPPLEMENTAL BUDGET

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NEIL STEININGER, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, addressed a single-page summary titled "FY 2022 Supplemental Summary," dated February 1, 2022 (copy on file). The summary divided the governor's supplemental request into three main categories including supplementals submitted on December 15, 2021 that were included in the regular operating or capital budgets, supplementals submitted on December 15, 2021 as part of the fast track supplemental bill, and supplementals submitted on February 1, 2022 in HB 300 as part of the normal process due on the 15th day of legislative session each year. The supplemental items totaled \$954.9 million in unrestricted general funds (UGF) including \$795.6 million as part of the 50/50 dividend plan splitting the earnings reserve percent of market value (POMV) draw equally between the FY 22 operating budget expenditures and the dividend payment proposed in the governor's fast track supplemental bill.

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Mr. Steininger moved to a [17-page] spreadsheet titled "FY2022 Supplemental Bill Summary," dated February 1, 2022 (copy on file). He explained the items in the spreadsheet were organized based on which bill they were included in and where they were located within the bills. He noted the spreadsheet also included some capital supplemental items he had reviewed in a previous meeting. He would move through those items quickly.

Representative Josephson looked at the one-page summary and observed that the supplementals in the first section of the page were attached to the regular operating budget. He asked if the items had an effective date of May 15. He wondered what distinguished the items from any other operating budget item.

Mr. Steininger replied that the items included in the regular operating or capital budgets had an effective date prior to July 1, 2022 and were effective in FY 22. The items had been included in the bills because as the administration looked to finance a capital budget plan, it chose to utilize surpluses in FY 22. He described the method as a spending policy decision whereas traditional supplemental items tended to be a place where a state agency may have encountered an unforeseen event resulting in a budget shortfall and the need for supplemental funding. He elaborated on the difference between the two types of supplementals. The first type was a policy decision the administration had made where it was looking to start a new activity or start a capital project before July 1 to either get a "leg up" on the project or find a financing mechanism to help cover the cost. The second type included true shortfalls that were unanticipated and unavoidable.

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Mr. Steininger directed attention to page 1 of the 17-page spreadsheet. The first three items [items 2 through 4] were part of the numbers section in the fast track supplemental bill. He noted appropriation bills contained a number section and language section. Item 2 was the Permanent Fund Dividend (PFD) Hold Harmless program, which was connected to the 50/50 dividend proposal to pay a second dividend payment in FY 22 and would require funding to the hold harmless program to ensure people were not kicked off of public assistance as a result of receiving a dividend. Item 3 would address Court System trial backlogs and would kickstart a reopening of jury trials. He highlighted costs associated with trying to keep jurors safely distanced between trials in addition to security costs.

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Mr. Steininger moved to item 4 containing \$2 million for legislative per diem. He remarked that he would not review the capital numbers section that had been reviewed at a previous meeting. He advanced to mental health operating items included in the regular supplemental bill (HB 300) on page 6. The items on page 6 [items 32 through 37] pertained to the Department of Corrections (DOC) and all showed negative numbers. He explained that DOC was experiencing shortfalls due to staffing needs and the need for overtime, as well as the large number of pretrial inmates housed by DOC. He detailed the rate of pretrial to sentenced inmates was much higher due to the case backlog, which was creating supplemental needs within the department. However, there had been costs in medical care in institutions impacted by COVID-19 in a way that had saved money. He elaborated the department was able to transfer some money from the medical side of the correctional institution management to the population side. The items on page 6 reflected the negative side of the transfer showing money moving out of the medical side of the department's budget. The money moving into the institution director's office would be shown later in the spreadsheet.

Representative Wool referenced the ratio of pretrial to posttrial inmates. He asked if the majority of inmates in corrections were currently pretrial.

Mr. Steininger believed so. He deferred to the department.

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APRIL WILKERSON, ADMINISTRATIVE SERVICES DIRECTOR, DEPARTMENT OF CORRECTIONS, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR (via teleconference), confirmed that the pretrial inmates currently accounted for 54 to 56 percent of the state's prison population.

Representative Wool asked if the statistic was unusual for Alaska or other states.

Ms. Wilkerson responded that she would need to follow up. She noted that Alaska was one of seven unified states operating both jails and prisons. She did not know what the current ratio was for the other six states, but she would provide the information to the committee.

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Mr. Steininger addressed items in the operating numbers section of the regular supplemental bill on page 7. Item 38 pertained to the Division of Personnel under the Department of Administration (DOA). The item reflected a contract to maintain an online training platform providing training resources for state employees and the online evaluation system. The item included startup costs for the program, which DOA was looking to implement prior to the start of the next fiscal year in order to begin transitioning people over to the new training management system. Item 39 pertained to the Federal Surplus Property Program under DOA. He explained there were available federal revenues from selling federal surplus property that could be used by the department for building expansion.

Mr. Steininger moved to a \$250,000 item for the Office of Public Advocacy (OPA) on line 40 related to Medicaid funding on behalf of OPA clients and the work the office did to help clients for Medicaid services. The item was a match to federal funding in the Medicaid program paid for by OPA. Line 41 included \$750,000 to support an increase in positions and costs in OPA related to the trial backlog responsible for driving costs in the Court System and DOC. Line 42 was a grant from the Municipality of Anchorage to OPA in the amount of \$105,000. Item 43 was the first of several salary adjustments based on a salary agreement with the Alaska Correctional Officers Association (ACO).

Representative Josephson asked if the salary adjustments totaled \$10,400.

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Mr. Steininger answered the salary adjustments totaled \$10,400 within the Correctional Academy. There were several increments that would total about \$2.5 million. He noted the number was much larger once all of the correctional officers in the institutions were included.

Mr. Steininger moved to item 44 pertaining to supplemental needs within DOC related to additional overtime and staffing issues and the [high] rate of pretrial inmates. Items 45 through 50 reflected the opposite side of the DOC funding transfer discussed earlier. Items 51 through 64 were the other components of the correctional officer

salary study for individual institutions. Line 65 was \$4 million within Pretrial Services.

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Mr. Steininger addressed item 66 reflecting \$2.7 million in supplemental needs within community residential centers (CRC). Item 67 was \$300,000 for electronic monitoring of individuals not housed within correctional institutions.

Vice-Chair Ortiz asked about the total supplemental cost for DOC.

Mr. Steininger answered there were about \$4 million net reductions from the healthcare side. He relayed that without the reductions, the increase was approximately \$16 million. The \$4 million reduction brought the number down to \$12 million.

Vice-Chair Ortiz asked for the reason for the reduced medical cost.

Mr. Steininger deferred to the department.

Ms. Wilkerson answered that many of the institutions had experienced COVID-19 outbreaks and the institutions had consequently been locked down. The situation had resulted in suspended contracts because providers were not entering the facilities to provide the programming support. Some of the contracts had been moved to institutional support staff at a lower volume, which had resulted in a lapse for the FY 22 budget.

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Vice-Chair Ortiz asked if the savings would go away in the future as the COVID situation improved.

Ms. Wilkerson responded that the department did not anticipate the funds being available in the future. Additionally, DOC did not anticipate the continuation of some of the higher costs occurring in the institutions. The department was experiencing a lot of overtime resulting from staff absences due to COVID-19 related issues. The department was also experiencing increased contracts. For example, the department had utilized contractors at a much greater cost to cover for inmate workers unable to provide

the service for things like kitchen service and food preparation. She highlighted the cost was reflected in the supplemental need for the institutions. The department did not anticipate the savings from the health and rehabilitation program, but it anticipated reduced costs in the institutions going forward as operations returned to normal.

Vice-Chair Ortiz stated that generally supplementals implied there were unexpected expenses that were not covered in the first appropriating budget. He asked if the DOC costs fell under that category. Alternatively, he wondered if the administration was trying to jumpstart initiatives that were perhaps a part of a future budget.

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Mr. Steininger answered that DOC was experiencing unanticipated cost pressures resulting from COVID-19, with the exception of the bargained COLA agreement with the ACOA. He noted that the [funding] transfer from the health side to the institution side was a one-time event for FY 22. He clarified there was not a proposal to adjust the base budgets going forward. He referenced Ms. Wilkerson's statement that the department did not anticipate the savings and costs to be sustained over time.

Representative Wool referenced the mention of overtime resulting from COVID. He asked if there was a need for additional payroll to cover overtime costs. He asked if the funding was already in the budget. He asked if the institutions were still on lockdown. He wondered if institutional programs would be restored when lockdown ended. He asked when that would be.

Mr. Steininger answered that the cost of overtime was part of the supplemental increase. He explained that overtime was included in the DOC budget, but it was creating cost pressures that needed to be accounted for through the supplemental. He elaborated that part of the desire in giving a pay raise to correctional officers was to improve recruitment efforts and to reduce the need overtime resulting in burnout. He deferred to Ms. Wilkerson for additional detail.

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Ms. Wilkerson responded that the facilities were no longer in a lockdown status and DOC was following a different criterion for individuals going into the institutions. The current terminology used by the department was "outbreak status." Currently there were eight institutions in outbreak status due to the number of active COVID-19 cases in the institutions. The department was continuing to provide programming with its staff. She detailed that as the institutions came out of outbreak status, the department was doing more group programming. She relayed that as the number of COVID-19 cases dropped in communities, the department anticipated reimplementing the contracts. She did not have a date at present.

Representative Wool asked if visitors were allowed in institutions during outbreak status. He asked if facilities that were not in outbreak status were open to visitors including family and attorneys.

Ms. Wilkerson replied that visitors and attorneys were allowed in person. She added that during the initial COVID-19 pandemic, DOC had setup computer access to provide attorneys with virtual access to their clients.

Representative Wool asked if family was allowed to visit when an institution was in outbreak status. He assumed family was allowed to visit during non-outbreak status and that programming was starting to resume.

Ms. Wilkerson responded that in-person visits were not allowed when a facility was in outbreak status. Visitors were allowed in the institutions in non-outbreak status.

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Mr. Steininger advanced to line 68 on page 9 showing \$180,000 in legal services costs [for the Department of Education and Early Development (DEED)] for the impact aid [federal] case. He detailed the case pertained to a disparity test issue that had come up a couple of times during the current session. Item 69 was an adjustment to the Technical Vocational Education Program (TVEP) funding. He noted there were several of the increments, which were fairly common. He elaborated that the administration initially budgeted based on a TVEP funding estimate, which was adjusted during the budget process. Line 70 included a negative \$1 million supplemental for the Broadband

Assistance Grants program. He explained the program was designed and intended to provide assistance grants enabling school districts around the state to access broadband. The program could be used for broadband assistance up to 25 megabits. A school was not eligible for the program if it could access broadband at a faster speed. He detailed that as schools moved up to higher rate broadband they were dropped from the program; therefore, over time, the program need would decrease. He highlighted there was an adjustment line in the FY 23 budget to adjust the program down to the projected level of need.

Mr. Steininger moved to \$175,000 in federal funds on line 71 for equipment and utility costs in the Department of Environmental Conservation (DEC). He explained the department was continuing to see higher than anticipated utility costs in its facilities. He noted there had been a similar supplemental the previous year. The administration had thought the department would be fine going into the next fiscal year, but the higher utility costs continued. The administration was working with the department to address the issue going forward.

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Mr. Steininger advanced to \$250,000 for DEC on line 72 to cover unanticipated legal expenditures. He noted there was a similar supplemental the previous year, but the case was ongoing. The item was over and above the normal cost of legal expenditures incurred by the department. Line 73 included \$750,000 for water quality infrastructure associated with the assumption of 404 water primacy. There was a similar request for the assumption of 404 water primacy in the governor's FY 23 budget. He explained the department was seeking authority early in order to begin the program startup costs.

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Representative Edgmon looked at item 73 and asked if it presumed the \$4.9 million in the governor's FY 23 budget would pass.

Mr. Steininger confirmed the items would go hand in hand.

Representative Edgmon asked if it was normal to put those types of items in a supplemental bill. He remarked that a

50/50 PFD was \$260 million UGF, which he observed was sizable for a supplemental bill. He asked if it had been the practice of the administration.

Mr. Steininger answered that he had spoken to the issue a bit in response to an earlier question by Representative Josephson. He explained there were two different categories of supplemental items. The first included normal supplemental items resulting from unanticipated needs and expenditures. He explained that occasionally there was a policy objective or new program the administration was looking to start where it sought an appropriation from the legislature through the supplemental process. He noted the item [on line 73] fell under the latter category. The administration was choosing to seek the 404 primacy and DEC was looking to begin the process in FY 22 in order to get a head start on establishing the program.

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Representative Edgmon wondered whether the practice was normal. He remarked it had not been the normal process in supplemental bills based on his experience. He stated that it had been his experience that supplementals were unanticipated expenses due to fires, floods, and things of that nature. He asked what would happen if the \$4.9 million did not survive the budget process. He asked where the \$750,000 in supplemental funds would go. He believed the funds would go into the department's budget and would be used for something else. He remarked that the budget process during his time in the legislature was always forward looking, but never to bank on something passing that had not passed yet. He stated that "this raises my eyebrows."

Mr. Steininger moved to additional federal grant funding for the DEC Water Quality Division on page 10, line 74. He addressed adjustments to the Public Employees' Retirement System (PERS) SB 55 fiscal note from the previous year on lines 75 through 81 within the Department of Fish and Game. He explained a piece of the fiscal note was reviewing federal revenues in each department and determining whether the change in the PERS billing rate could be negotiated with the federal partners in FY 22. The items replaced an unrealizable fund source for FY 22 [resulting from changing employer retirement contribution].

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Mr. Steininger moved to item 84, which included \$2 million in receipt authority for private pay residents within the state Pioneer Homes (residents living in Pioneer Homes without need for subsidy).

Vice-Chair Ortiz stated his understanding that private pay individuals were being asked to pay more according to a recent bill passed. He asked for verification item 84 increased the receipt authority for the Pioneer Homes to receive the funds for the increased costs.

Mr. Steininger agreed. He explained that when the bill had passed, the department had made an educated guess on the number of private pay residents versus the number of residents receiving subsidized pay. The receipt authority [on line 84] trued the budget up to reflect the actual experience.

Mr. Steininger reviewed line 85, \$800,000 in federal reimbursements for people at the Palmer Pioneer Veterans Home. Lines 86 and 87 were both requests related to the cyber-attack on the Department of Health and Social Services. He detailed that the cyber-attack had shut down some of the department's systems, resulting in backlogs in some programs. The department had to hire temporary workers and contractors to help clear the backlogs. Lines 88 and 89 included additional adjustments to TVEP. Line 90 included \$791,000 in federal receipts to accommodate facilities maintenance for the Department of Military and Veterans Affairs. Item 91 was \$130,000 for the Geologic Materials Center under the Department of Natural Resources to account for a drop in revenue collections resulting from the COVID-19 pandemic. The increment did not cover the entire shortfall but would enable the center to maintain operations. There was a similar \$500,000 increment on page 12 for the Division of Parks to ensure the continuation of operations despite the depressed revenues due to COVID-19.

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Mr. Steininger looked at row 93 including \$1.4 million for aircraft maintenance within the Department of Public Safety. He explained that due to COVID-19 the department was using its own planes more frequently rather than flying on commercial airlines, which increased maintenance cost.

The cost had been accommodated the previous year with COVID funds and the current fund source request was general funds. Line 94 included additional receipt authority for the [DPS] Criminal Justice Information System. He explained the funds were receipts received by the department when background checks were performed for certain parties and were paid by those parties. Item 95 was \$290,000 for DNA testing turnaround time reduction, working through the DNA testing backlog. He reported that most of the cost was accommodated through a capital project, but the remaining \$290,000 was not included.

Mr. Steininger addressed item 96 on page 12. He explained the state was currently charging retirement systems more than their actual share for Treasury management [under the Department of Revenue (DOR)]. The item was an adjustment to ensure the state was not overburdening the retirement systems with inappropriate costs. He noted there was a similar adjustment in the governor's budget. Line 97 included a request from the Treasury Division to purchase new investment management resources. He noted there was a similar increment request in the FY 23 budget. He explained DOR was seeking to purchase the investment management contracts and licenses before the start of the next fiscal year. The increment should be taken in consideration with the other request in the operating budget. Items 98 and 99 in addition to several other items for DOT included fund source adjustments for the use of Federal Highway Administration (FHA) Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) funding. He explained DOT had utilized available federal funding in FY 22 and FY 23 to offset UGF. He explained that because the funding was specific to the federal revenue source, it was necessary to ensure the funds were placed in the correct location for the allowable costs. The adjustments netted out to zero and ensured federal CRRSAA funds were placed where eligible. He noted the items were to correct a misalignment in the budgeting process the previous year.

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Vice-Chair Ortiz stated his understanding that the original budget used CRRSAA funding that did not fall within the eligibility parameters; therefore, UGF funding had been used instead. He asked for verification there had been no real increase in UGF because it was made up for in another location in the budget.

Mr. Steininger explained that rows 98 and 99 and 100 through 104 were shifts from federal funds to general funds after finding out the items were ineligible for the federal funding. He elaborated that item 108 on page 14 replaced UGF in Alaska Marine Highway System (AMHS) vessel operations with the same federal funds. The administration had found another area within the DOT budget that was eligible for the federal funds. The result was a net zero change. He noted the action had been taken in the FY 22 budget late in the process; therefore, the current items were to correct the misalignment.

Vice-Chair Ortiz asked if the action added new money to AMHS that was not included in the original appropriation of CRRSSA funds.

Mr. Steininger clarified it was not more money, the money had already been appropriated, but to the wrong spot. He explained there was no new federal funding coming in. The action merely pointed the expenditure of federal funds to a different place that was eligible for the funding.

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Vice-Chair Ortiz recalled the previous year there had been a plan to begin using CRRSSA funds to replace UGF for AMHS operations. He stated it was the plan that had gone forward in the regular operating budget. He stated his understanding based on Mr. Steininger's statements that some of the CRRSSA funds had been used in other areas that turned out to be ineligible. He asked if his understanding was accurate.

Mr. Steininger agreed.

Vice-Chair Ortiz thought Mr. Steininger was saying that the [federal CRRSSA] funds were being reappropriated to the AMHS.

Mr. Steininger agreed.

Vice-Chair Ortiz pointed out that the appropriation was not part of the 18-month original forward funding [for AMHS]. He asserted it was additional funding going to the AMHS.

Mr. Steininger clarified that an equal amount in UGF would be taken from AMHS to account for the situation. The UGF would be paid back to highway and aviation maintenance where the CRRSSA funds had originally been used [and deemed ineligible].

Representative Josephson asked if it was something the [federal] treasury would have caught. He asked if it was Alaska's self-motivated fix or whether a letter had been received [from the federal government].

Mr. Steininger answered that it was self-motivated but in partnership with the federal government. He explained the issue had been discovered during DOT's work with federal partners. He clarified it was not the result of an audit finding or anything of that nature.

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Mr. Steininger moved to item 105 on page 13 reflecting a \$200,000 increase in DOT program receipts for the Northern region for right of way activities. Item 106 was also associated with the adjustment to federal revenues. Item 107 was \$279,000 related to a bargaining unit agreement with Labor, Trades, and Crafts. Item 108 was the AMHS side of the federal adjustment [discussed previously]. Item 109 was a TVEP adjustment.

Mr. Steininger turned to page 15, capital project items 113 and 114 within the Department of Natural Resources. Item 113 was an EVOSS project for LIDAR collection and mapping modernization. Item 114 was \$200,000 in matching funds for the National Historic Preservation Fund. He detailed the appropriation had received \$600,000 in federal funds but the match had been left out of the FY 22 budget. The supplemental appropriation request would provide the matching funds. Originally, the administration thought DNR may find the matching funds through other sources, but that had not transpired.

Mr. Steininger moved to operating items in the fast track supplemental bill beginning on line 115. Item 115 was \$4.3 million UGF for voter outreach, language assistance, and election security for the Division of Elections under the Office of the Governor. Line 116 included \$20 million in American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) funding for health and other

response for DHSS due to COVID-19. He relayed DHSS had been appropriated \$20 million in the FY 22 budget. The proposed increment doubled the amount to ensure DHSS was able to respond to any new COVID-19 variants. Item 117 was the completion of the 50/50 dividend split of the POMV draw. Item 18 was a deposit of \$34 million for the Disaster Relief Fund for continued costs related to the 2018 earthquake as well as additional funds to ensure there was a balance in the fund in the event of another disaster.

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Vice-Chair Ortiz asked if item 116, an appropriation of ARPA funds to DHSS, had been talked about the previous day during a discussion on ARPA and other federal funds. He asked if the item was a part of the "already appropriated" funds category or the "unappropriated" funds category.

Mr. Steininger confirmed the item had been discussed the previous day. He explained the \$20 million increment was unappropriated and supported a separate \$20 million appropriation that had already taken place. He elaborated that \$20 million in CSLFRF funds had been appropriated to DHSS for the purpose [of health and other response to COVID-19]. The additional \$20 million added to the original amount to ensure continued health response.

Vice-Chair Ortiz referenced a number for unappropriated funds provided to the committee the previous day. He asked for verification that item 116 would reduce the number by \$20 million.

Mr. Steininger agreed. He explained for the most part, the unappropriated funds were spoken for in budget requests from the governor.

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Representative LeBon asked about item 117 related to the payment of a supplemental PFD. He looked at the item description on page 14 and observed it was a transfer from the Earnings Reserve Account (ERA) to the Dividend Fund Account. He asked if the request represented an overdraw of the 5 percent POMV formula. He asked what percent of the draw the item reflected.

Mr. Steininger answered that the item did not represent an overdraw of the POMV draw from the ERA. The full language in the bill amended the POMV draw language from the FY 22 budget to direct 50 percent to the dividend and 50 percent to government spending. Item 117 was intended to provide clarity (in alignment with the governor's 50/50 dividend plan) that the money to pay the PFD came from the ERA.

Representative LeBon stated that the POMV draw from the ERA was approximately \$3 billion in FY 22.

Mr. Steininger agreed.

Representative LeBon asked if the amount was additional money on top of the \$3 billion for FY 22.

Mr. Steininger clarified the funding was \$795 million of the \$3 billion to be directed to the PFD. He explained the bill would reduce the amount from the draw going to the General Fund and divert the amount into the PFD Fund.

Representative LeBon asked for verification that the action replaced the dollars with UGF that were from oil revenue royalty income versus earnings from the Permanent Fund.

Mr. Steininger agreed.

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Representative Wool believed that since the POMV draw had already been appropriated in the FY 22 budget, taking \$795 million of the amount for additional PFD funding would remove funding from other General Fund items that had already been funded. He considered that additional oil revenue due to the price increase had given the state more General Fund dollars. He wondered if the administration was intending for the additional revenue to pay for budget items that were previously paid with POMV.

Mr. Steininger agreed that the additional oil revenue would pay for the General Fund expenditures that otherwise were paid for out of the POMV draw. He explained the governor's 50/50 dividend plan sought to ensure the ERA draw first paid for the PFD and then government services.

Representative Wool surmised that instead of the POMV and oil money all going into a big pot to pay the budget, the

administration was taking half of the POMV to "retroactively immediately" pay a PFD and using the remainder to pay the budget. He stated his understanding the method meant the true 50 percent, not merely in dollar value, but the actual dollars, were paying the supplemental and original PFD.

Mr. Steininger agreed.

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Mr. Steininger turned to page 16 showing the operating supplemental language section of the governor's FY 23 budget. The items extended the end date of appropriations made in prior years for COVID response under DHSS. He explained that federal guidance allowed the items to be expended over a longer period of time than the appropriations were currently active. He highlighted item 119 as an example and explained the Foster Care Independence program had been appropriated for FY 21 and FY 22; however, the federal guidance allowed the funds to be spent in FY 23. The budget contained a technical item to extend the lapse date of the appropriation to allow for the expenditures.

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RECONVENED

Mr. Steininger stated that items 119 through 132 all fit the category of lapse date extensions for federal COVID relief that could be spent into FY 23. He turned to item 133 on page 16 allowing DFG to use the sale of vessels and aircraft by the department for maintenance of vessels and aircraft. He advanced to operating language sections in HB 300 beginning on line 134. The item reflected the extension of a lapse date of a multiyear appropriation the Department of Labor and Workforce Development used for occasional extra costs in labor negotiations. He detailed that the appropriation had originally been made in FY 15 had been expended down over time. The department was looking to extend the ability to access the funds without an additional cost. Item 135 was for an extension of COVID-19 Relief Fund grants made by DHSS. He explained there had been changes in the federal guidance late in the process

that allowed for an extension of the way funds were obligated by grantees. The item ensured grantees receiving funds from DHSS were able to expend within the full time horizon allowed by the federal government. Line 136 included \$233,000 for judgements, settlements, and claims.

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Mr. Steininger turned to a capital scope change on page 17, line 137. The item was related to the DHSS cyber-attack and enabled the department to use extra money in the Medicaid Management Information System capital project to address cybersecurity needs. The project had been completed and had approximately \$1.7 million remaining. The department had been incurring costs related to the cyber-attack and was looking to extend the scope of the funds for use to cover those needs. Item 138 was a reappropriation of approximately \$4 million for emergency weather and catastrophic events from completed transportation programs.

Vice-Chair Ortiz asked for additional detail on the \$232,000 for judgements, settlements, and claims on line 136.

Mr. Steininger stated the item applied to two cases. He did not have the information on hand and would follow up with the details.

Representative LeBon echoed the question by Vice-Chair Ortiz. He asked if line 136 was related to the Alaska Psychiatric Institute (API) settlement.

Mr. Steininger replied that the monetary terms of the API settlement were not yet known.

Representative LeBon requested more detail about line 136 including cases and names of the settlements.

Representative Josephson asked if the increment should go to the Department of Law (DOL) and not OPA.

Mr. Steininger agreed the item pertained to special appropriations through DOL.

Mr. Steininger thanked the committee.

HB 284 was HEARD and HELD in committee for further consideration.

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Co-Chair Merrick reviewed the schedule for the following meeting.

ADJOURNMENT

[2:38:55 PM](#)

The meeting was adjourned at 2:38 p.m.