

HOUSE FINANCE COMMITTEE
February 23, 2022
9:18 a.m.

[9:18:44 AM](#)

[Note: Meeting continued from 2/22/22, 2:10 p.m. See separate minutes for detail.]

CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 9:18 a.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Kelly Merrick, Co-Chair
Representative Bryce Edgmon
Representative DeLena Johnson
Representative Andy Josephson
Representative Bart LeBon
Representative Sara Rasmussen
Representative Steve Thompson
Representative Adam Wool

MEMBERS ABSENT

Representative Ben Carpenter
Representative Dan Ortiz, Vice-Chair

ALSO PRESENT

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

SUMMARY

HB 281 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 281 was HEARD and HELD in committee for further consideration.

HB 282 APPROP: MENTAL HEALTH BUDGET

HB 282 was HEARD and HELD in committee for further consideration.

OVERVIEW: GOVERNOR'S BUDGET AMENDMENTS

Co-Chair Foster reviewed the meeting agenda. He noted the presentation was a continuation from the previous afternoon.

#HB281

#HB282

HOUSE BILL NO. 281

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; making reappropriations; making supplemental appropriations; 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. 282

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

[9:19:12 AM](#)

^OVERVIEW: GOVERNOR'S BUDGET AMENDMENTS

[9:19:15 AM](#)

Co-Chair Foster asked Mr. Steininger to provide a brief summary of governor's FY 23 operating budget amendment items discussed the previous day.

NEIL STEININGER, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, continued to review the governor's budget amendments discussed the previous afternoon. He summarized that the governor's amendments to the FY 23 operating budget totaled \$27 million, including \$14.8 million in unrestricted general funds (UGF). The cost was primarily associated with bargaining unit cost of living

adjustments (COLA) for the Alaska Correctional Officers Association (ACOA) and Labor Trades and Crafts (LTC) and a \$10 million initiative in the Office of Children's Services, of which \$7 million came from UGF.

[9:21:42 AM](#)

Mr. Steininger referenced a spreadsheet titled "FY2023 Capital Governor Amended," dated February 14, 2022 (copy on file). He began with item 1 for the Kodiak Fire Station at a cost of \$15 million to address the existing "dilapidated" fire station. The item was a project in the governor's general obligation (GO) bond package added after the December 15 budget release and included in the GO bond bill. Item 2 was an update to the description for the Nenana fire hall, another project in the GO bond package. The description had been updated to include additional detail and correct the name of the named recipient.

Representative Wool asked who the named recipient for the Nenana fire station was.

Mr. Steininger answered, "The City of Nenana."

Mr. Steininger moved to item 3, an update to the description associated with the Kenai River bluff stabilization GO bond project. The description included additional detail that came out during discussions of the bond package in another committee. Item 4 was a description update for the Seward freight dock expansion project to correct some incorrect information. The project was also in the GO bond package.

Representative Edgmon asked if the administration was soliciting projects for the GO bond package. He reported that a community in his district had received a call from the administration asking what it wanted in terms of the GO bond package.

Mr. Steininger replied affirmatively. He detailed that the administration was continuing to work with stakeholders around the state to identify whether there were other projects (that could enhance support in communities for the bond package) that may not have come to light in November when the GO bond package had been developed.

Representative Edgmon highlighted that the [GO bond package] bill was still under consideration [by the legislature]. He remarked that should the bill go forward there would be a lot of attention with some contention because the bills were complicated from all different angles, including the political aspect.

[9:24:58 AM](#)

Mr. Steininger moved to item 5, a change to the scope of the Mariculture Incentive Grant Program included in the December 15 budget. The scope change added clarity related to program management. He explained the original scope put forward on the \$25 million grant program was somewhat light on the operational details. He elaborated that since December 15, the Department of Commerce, Community and Economic Development had worked with the Alaska Mariculture Alliance to refine some of the details describing how the grants would go out.

Representative LeBon asked if the funding for the grant program was UGF.

Mr. Steininger answered that the funding was from American Rescue Plan Act (ARPA) discretionary funds.

Mr. Steininger moved to item 6, a new project for air quality monitoring under the Department of Environmental Conservation. He noted that the \$650,000 federal grant was not associated with the federal infrastructure bill.

Representative Johnson asked for a list of the 15 additional communities associated with item 6.

Mr. Steininger would follow up with the information in writing.

[9:26:41 AM](#)

Mr. Steininger moved to item 7, an appropriation for an existing Department of Health and Social Services (DHSS) maintenance project. He explained that as the administration was splitting the department into two separate departments, it was identifying existing capital projects and making certain to point them to the correct department. The specific project included in item 7 had been inadvertently missed in the governor's original

budget. Item 8 was \$1.2 million UGF for the Department of Natural Resources (DNR) for research into Cook Inlet petroleum potential. The research would increase the publicly available data for the region, which would hopefully support the development of new finds. Item 9 was a scope change for the Agriculture Incentive Grant Program. The item added additional detail to the plan for DNR associated with the way the program would be implemented. The program was funded via ARPA discretionary relief funds in the amount of \$25 million. Item 10 was \$2.5 million UGF to the University of Alaska Fairbanks at the Alaska Center for Energy and Power (ACEP) to look into emerging energy opportunities including micronuclear research.

[9:28:19 AM](#)

Representative LeBon asked if item 6 related to enhanced air quality monitoring was in response to any federal requirements or expectations. He echoed the request made by Representative Johnson to receive a list of the 15 communities affiliated with the item.

Mr. Steininger would follow up with a list of the communities. He noted the grant was federal, but he did not know whether it was in response to changes in federal regulation.

Representative Wool referenced the increment related to emerging energy under item 10. He remarked that the university had mentioned the funding in the past. He thought as presented in the past, the item was primarily for micronuclear [research]. He highlighted that item 10 merely stated the research may include micronuclear. He asked if ACEP would be allowed to decide where to apply the funds and to choose the kind of energy technologies.

Mr. Steininger agreed. He stated the item was primarily micronuclear research but gave the university the flexibility to pursue a different opportunity if a better one came along.

[9:29:54 AM](#)

Mr. Steininger moved to a spreadsheet titled "FY2022 Supplemental Governor Amended," dated February 14, 2022 (copy on file). He noted there was also a separate summary to show detail about the supplemental appropriations and

where they were included. Items 1 through 4 were projects recommended by the Exxon Valdez Oil Spill Trustee Council paid for with the Exxon Valdez Oil Spill Settlement (EVOSS) fund or the Exxon Valdez Oil Spill Trust. The items included funding for an Alaska Sealife Center facility project, an archeological repository, a museum and archeological repository, and a Science Center and Technology Institute facilities replacement for a total of \$22 million. Items 5 and 6 were adjustments to existing projects in the FY 22 supplemental budget. The projects were operated by the Department of Corrections (DOC) for Hiland Mountain intake and for the Yukon Kuskokwim Correctional Center recreational area. He detailed the costs reflected downward adjustments in the cost of the projects. He communicated the plan was for DOC to directly manage the projects rather than going through the Department of Transportation and Public Facilities (DOT). He noted the change would save a bit of money by avoiding the fee DOT was required to charge per federal rules. He reported that DOC had the capability to manage the projects in-house.

[9:31:55 AM](#)

Mr. Steininger advanced to item 7 related to the Alaska Seafood Marketing Institute (ASMI) to extend the lapse date of an existing appropriation that would otherwise expire at the end of the current fiscal year. The change would enable the appropriation to continue through the full term of the federal funds. He added the item was federally funded through ARPA. Item 8 was related to judgments, settlements, and claims against the state in the amount of \$876,600 through special appropriations.

Co-Chair Foster thought the other handouts likely explained the information.

Mr. Steininger agreed. He referenced a memo from the Department of Law to the co-chairs [dated February 16, 2022] (copy on file) explaining the issues surrounding the settlement.

Co-Chair Foster requested additional detail.

Mr. Steininger explained that the *Blanford v. Dunleavy* settlement totaled \$495,000 against the state for two

different parties. He elaborated that the case was a wrongful termination suit against the state.

Co-Chair Merrick asked if the \$495,000 included attorney fees for plaintiffs and defendants.

Mr. Steininger answered that the \$495,000 included fees for the plaintiffs only.

Co-Chair Merrick asked if there would be additional fees for the defense attorneys.

Mr. Steininger answered that the cost for defense would be borne within the Department of Law budget. He would follow up with the information on cost.

Representative Josephson remarked that he had spent considerable time reviewing the settlement documents and talking to people about the case. He explained that the American Civil Liberties Union (ACLU) had dismissed the action with prejudice, which generally meant it was not possible to come back and the only way to fund the settlement was through the legislature. He stated that rather than dismissing the action after being assured of payment, the settlement spoke to the legislature appropriating the money. He highlighted there was a dispute about whether the legislature should do so. He noted a statement had been received [by the plaintiffs] that the state should not have done what it did by terminating the two psychiatrists, but it was not called an admission.

Co-Chair Foster stated his understanding that if the legislature did not pay, it was likely the plaintiffs would not receive the agreed upon settlement.

Representative Josephson agreed.

[9:36:05 AM](#)

Co-Chair Foster asked if Mr. Steininger had additional comments on the amendments.

Mr. Steininger answered that he did not. He thanked the committee.

Co-Chair Foster reviewed the schedule for the afternoon meeting.

HB 281 was HEARD and HELD in committee for further consideration.

HB 282 was HEARD and HELD in committee for further consideration.

ADJOURNMENT

9:36:51 AM

The meeting was adjourned at 9:36 a.m.