

HOUSE FINANCE COMMITTEE
March 2, 2022
2:41 p.m.

2:41:33 PM

CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 2:41 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Kelly Merrick, Co-Chair
Representative Dan Ortiz, Vice-Chair
Representative Andy Josephson
Representative Bart LeBon
Representative Sara Rasmussen
Representative Steve Thompson
Representative Adam Wool

MEMBERS ABSENT

Representative Ben Carpenter
Representative Bryce Edgmon
Representative DeLena Johnson

ALSO PRESENT

Corey Alt, Staff, Representative Adam Wool; Ashley Carrick, Staff, Representative Adam Wool; Ken Alper, Staff, Representative Adam Wool; Catherine Reardon, Staff, Representative Andy Josephson; Elise Sorum-Burke, Staff, Representative Andy Josephson; Remond Henderson, Staff, Representative Neal Foster.

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.

SUBCOMMITTEE CLOSEOUT REPORTS:

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
DEPARTMENT OF ADMINISTRATION
UNIVERSITY OF ALASKA
DEPARTMENT OF REVENUE
DEPARTMENT OF FAMILY and COMMUNITY SERVICES
DEPARTMENT OF HEALTH
JUDICIARY
DEPARTMENT OF LAW
LEGISLATURE
OFFICE OF THE GOVERNOR

Co-Chair Foster reviewed the agenda for the afternoon meeting. The committee would be hearing the budget subcommittee closeout reports for the remaining departments [see minutes dated 03/01/22 1:30 p.m. for additional subcommittee closeout reports].

#hb281

#hb282

HOUSE BILL NO. 181

"An Act making special appropriations relating to the American Rescue Plan Act; 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."

[2:40:58 PM](#)

^SUBCOMMITTEE CLOSEOUT REPORTS

[2:41:04 PM](#)

^DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

[2:41:15 PM](#)

COREY ALT, STAFF, REPRESENTATIVE ADAM WOOL, reviewed the subcommittee report for the Department of Labor and Workforce Development:

RECOMMENDATIONS:

The House Finance Budget Subcommittee for the Department of Labor and Workforce Development submits the following recommended operating budget for FY 23 to the House Finance Committee:

Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF) \$20,087.5

Designated General Funds (DGF) \$34,839.2

Other Funds \$15,911.0

Federal Funds \$80,696.6

Total \$151,534.3

The Unrestricted General Fund difference from FY 22 Adjusted Base to the House Subcommittee budget recommendation is an increment of \$20,087.5 thousand of Unrestricted General Funds, which is 12.2 percent increase from FY 22 Adjusted Base.

Positions:

Permanent Full-time 669

Permanent Part-time 44

Temporary 25

Total 738

BUDGET ACTION HIGHLIGHTS:

The House Finance Budget Subcommittee for the Department of Labor and Workforce Development held four meetings with the Department. The Subcommittee reviewed the 2023 fiscal year budget request and took the following actions:

Accepts the Governor's amended proposal, and makes certain additions, modifications, and deletions. Highlights of the subcommittee's recommended budget for DOLWD include the following:

Switched several accounts to be funded in FY 23 with unrestricted general fund dollars to maintain continuity of services given last year's constitutional budget reserve sweep.

Maintained a Boiler and Pressure Vessel Inspector 1 position set to be cut in the governor's proposed budget at a cost of \$88.3

Declined a request to reduce funding to the Wage and Hour Administration's printing activities by \$48.2

Added \$1,669.2 in authority for the Alaska Workforce Investment Board to accommodate anticipated increased federal grant receipt.

Added \$100.0 in the Wage and Hour Administration allocation to fund a new inspector position.

SUBCOMMITTEE RECOMMENDATIONS:

The House Finance Budget Subcommittee for the Department of Labor and Workforce Development recommends that the Wage and Hour Administration not proceed with its plan to shift information about wage and hour law from mandated printed posters posted at workplaces to online availability. Requiring workers to go online to learn about their rights presents unnecessary barriers to that knowledge for some workers.

Mr. Alt concluded his report.

Co-Chair Foster stated his understanding that the recommendation from the subcommittee including items proposed by the governor reflected an increase of \$20 million [undesignated general funds (UGF)] or a 12 percent increase. He noted that the subcommittee had left out some smaller items. He asked what made up the largest portion of the \$20 million.

Mr. Alt replied that the increase in general funds came primarily from the fund swaps recommended by the subcommittee. He explained that after the sweep the previous year, many of the individual accounts within the department were empty. He detailed that without switching the fund source to general funds, it would merely be hollow funding authority.

^DEPARTMENT OF ADMINISTRATION

[2:44:59 PM](#)

ASHLEY CARRICK, STAFF, REPRESENTATIVE ADAM WOOL, reviewed the subcommittee report for the Department of Administration:

RECOMMENDATIONS:

The House Finance Budget Subcommittee for the Department of Administration submits the following recommended operating budget for FY 23 to the House Finance Committee:

Fund Source: (dollars are in thousands)
Unrestricted General Funds (UGF) \$71,442.1
Designated General Funds (DGF) \$29,022.6
Other Funds \$205,371.0
Federal Funds \$1,312.5
Total \$307,148.2

The Unrestricted General Fund difference from FY 22 Adjusted Base to the House Subcommittee budget recommendation is an increment of \$2708.8 of Unrestricted General Funds, which is a 3.9 percent increase from FY 22 Adjusted Base.

Positions:

Permanent Full-time 1,245
Permanent Part-time 7
Temporary 25
TOTAL 1,277

BUDGET ACTION HIGHLIGHTS:

The House Finance Budget Subcommittee for the Department of Administration held six meetings with the Department. The Subcommittee reviewed the 2023 fiscal year budget request and took the following actions:

Accepts the Governor's amended proposal and makes certain additions and modifications. Highlights of the subcommittee's recommended budget for DOA include the following:

Finalized statewide consolidation of accounts payable and travel expense reimbursement in the Shared Services of Alaska appropriation for a total of \$586,400.

Added a Department Technology Officer 2 position totaling \$186,600 for the proposed Department of Family and Community Services.

Declined, at the Department's request, the authority to accept federal grant monies totaling \$550,000 for grants that were not received by the Office of Public Advocacy.

Added funding for four support positions in the Public Defender Agency totaling \$428,700 to address increased sex crime caseloads.

Provide general fund program receipt authority to spend \$400,000 for the Division of Motor Vehicles to lease a new office space in Fairbanks.

Added \$1.5 million to allocate funds for radio grants to rural stations whose broadcast coverage areas serve 20,000 people or less.

SUBCOMMITTEE RECOMMENDATIONS:

The House Finance Budget Subcommittee for the Department of Administration additionally recommends that the Department provide a plan to have the necessary equipment for producing Alaskan driver's licenses within the State of Alaska, avoiding the need to send any personal data of Alaskans overseas for license preparation.

Ms. Carrick concluded her report and was available for questions.

Co-Chair Foster noted committee members were missing page 2 on the report. He did not believe there were many items listed on the second page. He noted one of the items was public radio. The second page would be provided to members.

^UNIVERSITY OF ALASKA

[2:48:34 PM](#)

ASHLEY CARRICK, STAFF, REPRESENTATIVE ADAM WOOL, presented the subcommittee report for the University of Alaska:

RECOMMENDATIONS:

The House Finance Budget Subcommittee for the University of Alaska submits the following recommended operating budget for FY 23 to the House Finance Committee:

Fund Source: (dollars are in thousands)
Unrestricted General Funds (UGF) \$285,219.4
Designated General Funds (DGF) \$309,490.3
Other Funds \$75,116.1
Federal Funds \$187,225.9
Total \$857,051.7

The Unrestricted General Fund difference from FY 22 Adjusted Base to the House Subcommittee budget recommendation is an increment of \$12,485.9 thousand of Unrestricted General Funds, which is 4.6 percent increase from FY 22 Adjusted Base.

Positions:
Permanent Full-time 3,759
Permanent Part-time 185
Temporary 0
Total 3,944

BUDGET ACTION HIGHLIGHTS:

The House Finance Budget Subcommittee for the University of Alaska held four meetings. The Subcommittee reviewed the 2023 fiscal year budget request and took the following actions:

Accepts the Governor's amended proposal and makes certain additions and modifications. Highlights of the subcommittee's recommended budget for the University of Alaska include the following:

Consolidated all University allocations into a single appropriation.

Accepted the Governor's request to increment \$4 million in General Fund for fixed cost increases.

Accepted a member amendment to add an additional \$4 million in General Fund for fixed cost increases to align with the request from the UA Board of Regents.

Accepted a member amendment to add \$3.75 million in General Fund to support the UAA College of Health programming for faculty and medical equipment and technology [at UAA and UAF].

Added \$635,900 in General Fund to continue the Alaska Library Network, including the Alaska Library Catalog, the Statewide Library Electronic Doorway, and the Imagination Library.

SUBCOMMITTEE RECOMMENDATIONS:

The House Finance Budget Subcommittee for the University of Alaska adopted a recommendation to support an additional increment of \$7 million in General Fund to support mariculture and fisheries program development.

Ms. Carrick concluded her report.

Co-Chair Foster underscored the \$7 million for mariculture was a recommendation for the full House Finance Committee. He relayed that any committee member was free to propose an amendment during the amendment process the following week.

^DEPARTMENT OF REVENUE

[2:52:15 PM](#)

KEN ALPER, STAFF, REPRESENTATIVE ADAM WOOL, reported that the Department of Revenue subcommittee had met five times. He presented the subcommittee report:

RECOMMENDATIONS:

The House Finance Budget Subcommittee for the Department of Revenue submits the following recommended operating budget for FY 23 to the House Finance Committee:

Fund Source: (dollars are in thousands)
Unrestricted General Funds (UGF) \$27,377.9
Designated General Funds (DGF) \$3,176.2
Other Funds \$329,233.9
Federal Funds \$82,550.4
Total \$442,338.4

The Unrestricted General Fund difference from the FY 23 Adjusted Base to the House Subcommittee budget

recommendation is an increase of \$941.3 thousand, or 3.6 percent. The All Funds difference from FY 23 Adjusted Base is an increase of \$11,131.7 thousand, or 2.6 percent.

Positions:

Permanent Full-time 826
Permanent Part-time 26
Temporary 18
Total 870

This represents a net increase of seven full time positions and two part time positions, reflecting the addition of nine positions and the deletion of zero.

BUDGET ACTION

The House Finance Budget Subcommittee for the Department of Revenue reviewed the FY 23 budget request, including amendments proposed by committee members. They recommend approval of the proposed budget with a single change that did not impact the dollar amount:

The Permanent Fund Dividend Division requested a \$2 million increment for a new Dividend Applicant Identify Verification program. The need for increased dividend application security was discussed in an unusual Executive Session at the February 7 subcommittee meeting. Because the program is not yet defined, the subcommittee chose to fund this with a One Time Increment rather than a permanent increase to the base budget. It is expected that the Department will bring a more specific long-term plan to the legislature for the FY 24 budget cycle.

Following up on a prominent increment from the FY 22 budget, the Permanent Fund Corporation received authorization to increase their performance incentive program from \$890.0 to a maximum of \$1,600. The full amount will only be expended if all investment targets are met. The Corporation was also authorized to add seven additional staff.

Mr. Alper noted that the \$329.2 million in other funds was related to Alaska Permanent Fund Corporation (APFC)

management fees. The bulk of the general fund increase was related to fund shifts. He explained the management costs for much of the Treasury Division was moved to general funds due to the sweep. The department's budget included nine additional employees including seven APFC investment officers and support staff and two part-time positions in the Permanent Fund Dividend Division to file and sort Permanent Fund Dividend (PFD) paper applications. He highlighted the subcommittee had held an executive session on February 7 related to PFD application security. He concluded his report.

Co-Chair Foster noted the committee only had a handful of reports left. The committee would return after the House Floor session concluded.

[2:56:10 PM](#)

AT EASE

[5:39:37 PM](#)

RECONVENED

Co-Chair Foster indicated the committee would hear the remainder of the finance subcommittee reports.

^DEPARTMENT OF FAMILY and COMMUNITY SERVICES

[5:40:04 PM](#)

CATHERINE REARDON, STAFF, REPRESENTATIVE ANDY JOSEPHSON, reviewed the subcommittee report for the Department of Family and Community Services which would be a new department for FY 23:

RECOMMENDATIONS:

The House Finance Budget Subcommittee for the Department of Health and Social Services submits to the House Finance Committee the following recommended FY 23 operating budget for the proposed new Department of Family and Community Services:

Fund Source: (dollars are in thousands)
Unrestricted General Funds (UGF) \$238,123.4
Designated General Funds (DGF) \$25,296.6
Other Funds \$97,393.3
Federal Funds \$80,639.2
Total \$441,452.5

The Unrestricted General Fund difference between FY 23 Adjusted Base and the Subcommittee recommendation is an increase of \$14,992.6, which is 6.7 percent.

Positions:

Permanent Full-time 1,842
Permanent Part-time 16
Temporary 60
Total 1,918

BUDGET ACTION:

The House Finance Budget Subcommittee for the Department of Health and Social Services reviewed the Governor's FY 23 budget request including Governor's amendments.

The structure of the Governor's FY 23 request matched Executive Order 121, dividing the existing Department of Health and Social Services into two departments: the Department of Family and Community Services and the Department of Health.

Since budget structure is outside the purview of subcommittees, the actions of the Subcommittee reflected in this memorandum and the attached reports address only the budget of the proposed Department of Family and Community Services. By following the structure of the Governor's FY 23 request, the Subcommittee is not endorsing EO 121 or the division of the department.

The Subcommittee approved the Governor's requested actions except funding and positions in the Departmental Support Services appropriation related to implementation of Executive Order 121.

The Subcommittee modified the Governor's request for authority to transfer \$20 million between appropriations by reducing the authorized transfer to \$10 million and requiring a year-end report of those transfers.

The Subcommittee added one increment increasing funding for implementation of the Alaska Tribal Child Welfare Compact within the Office of Children's Services by \$1,900.0 UGF.

The major UGF additions to the adjusted base budget that were requested by the Governor and approved by the Subcommittee were:

\$7,053.0 UGF to Inpatient Mental Health required by the Disability Law Center Settlement

\$1,400.0 UGF to the Office of Children's Services for the Tribal Child Welfare Compact

\$7,226.8 UGF and 31 positions for actions to increase the ability of the Office of Children's Services (OCS) to meet its mission. The Governor submitted this package through amendments in February. It includes increased funding for youth in foster care as well as additional staff, training, supervision, and support to improve the effectiveness of Front Line Social Workers. The turnover rate of OCS social workers is 60 percent which diminishes the assistance given to children and struggling families who may have to work with inexperienced social workers or multiple caseworkers in a single year.

RECOMMENDATIONS:

The Subcommittee makes the following recommendation to the House Finance Committee:

For budget transparency, the subcommittee recommends creating a new allocation, the Tribal Child Welfare Compact, within the Department of Family and Community Services to reflect the Office of Children's Services' funding for purposes of the Compact.

If EO 121 is rejected by the legislature, a budget structure change is recommended to return the Division of Behavioral Health to its FY 22 structure by moving the Designated Evaluation and Treatment allocation from the Inpatient Mental Health appropriation back to the Behavioral Health appropriation.

Ms. Reardon elaborated on the first recommendation pertaining to the Tribal Welfare Compact. The purpose of the recommendation was to allow visibility as tribal

compacting developed, including the ability for the legislature to easily track authorized versus actual expenditures in reports related to tribal compacting. She concluded her report.

^DEPARTMENT OF HEALTH

[5:46:32 PM](#)

CATHERINE REARDON, STAFF, REPRESENTATIVE ANDY JOSEPHSON, reviewed the subcommittee report for the Department of Health:

RECOMMENDATIONS

The House Finance Budget Subcommittee for the Department of Health and Social Services submits to the House Finance Committee the following recommended FY 23 operating budget for the proposed new Department of Health:

Fund Source: (dollars are in thousands)
Unrestricted General Funds (UGF) \$928,134.3
Designated General Funds (DGF) \$53,516.8
Other Funds \$88,647.1
Federal Funds \$1,996,318.5
Total \$3,066,616.7

The Unrestricted General Fund difference between FY 23 Adjusted Base and the Subcommittee recommendation is an increase of \$63,648.3 thousand, which is 7.4 percent.

Positions:
Permanent Full-time 1,462
Permanent Part-time 2
Temporary 47
Total 1,511

BUDGET ACTION:

The House Finance Budget Subcommittee for the Department of Health and Social Services reviewed the Governor's FY 23 budget request including Governor's amendments.

The structure of the Governor's FY 23 request matched Executive Order 121, dividing the existing Department of Health and Social Services into two departments:

the Department of Family and Community Services and the Department of Health.

Since budget structure is outside the purview of subcommittees, the actions of the Subcommittee reflected in this memorandum and the attached reports address only the budget of the proposed Department of Health. By following the structure of the Governor's FY 23 request, the Subcommittee is not endorsing EO 121 or the division of the department.

A major element of the increase over adjusted base in the Governor's request is \$45 million UGF for the Medicaid match. In FY 22, state funding of Medicaid was reduced by \$35 million, a reduction which was achieved through the temporary Covid-emergency reduction in required state match.

Ms. Reardon elaborated that the 6.2 percent increase in the federal government share through the Federal Medical Assistance Percentage (FMAP) to the public health emergency was scheduled to expire at the end of June 2022. It was expected the usual Medicaid match would resume in FY 23, which would require additional funding. The department was projecting a \$72 million UGF shortfall in FY 23. The governor's \$45 million request restored a \$35 million decrement from FY 22 and added an additional \$10 million. She noted it anticipated \$27 million in savings through several savings initiatives and the redetermination of existing Medicaid enrollees. She highlighted that if the \$27 million in savings was not realized, there was likely to be a supplemental request the following year. She continued with the report:

The Subcommittee made technical corrections, then approved the Governor's requested budget actions with the following exceptions:

Denied funding and positions in the Departmental Support Services appropriation related to implementation of Executive Order 121.

Ms. Reardon elaborated that the subcommittee passed an amendment providing \$500,000 to the commissioner's office for a contract study into efficiencies or reorganizations that could achieve benefits if the EO did not take effect. She continued to review the report:

Modified the Governor's request for authority to transfer \$20 million between appropriations by reducing the authorized transfer to \$10 million, prohibiting transfers out of the Medicaid Services appropriation, and requiring a year-end report of those transfers.

Ms. Reardon noted that the prohibition against transferring out of Medicaid services was also included in the FY 22 budget. She remarked it was a fairly traditional item to include in the transfer language. She continued to review the report:

Denied budget action to reduce funding for Behavioral Health Treatment and Recovery Grants.

Denied budget action to reduce funding for Public Assistance staff computers, due to a Subcommittee amendment increasing eligibility technician positions.

The Subcommittee made the following additions to the Governor's request:

Behavioral Health Grants for services that cannot be covered by federal Medicaid waiver funding

\$346.7 (UGF) Prevention and Early Intervention Grants

\$959.5 (UGF) Treatment and Recovery Grants

Ms. Reardon elaborated that the behavioral health grants were increased by 20 percent after fairly flat funding for a number of years. A variety of stakeholders including the Behavioral Health Association and the Alaska Native Health Board vocalized the need for an increase in funding. She continued to review the report:

Public Assistance

Eligibility technician positions to reduce processing delays \$652.7 UGF, \$679.2 Fed

Ms. Reardon relayed that in the FY 22 budget process the legislature approved 50 percent of the governor's proposed reduction of 101 positions and the governor had vetoed the

remaining positions. It was the impression of the subcommittee that the result had been a backlog in processing applications for benefits because some of the technological updates that were supposed to assist did not come online quickly enough. Additionally, there had been a computer hack problem. She continued to review the report:

Public Health

Nursing recruitment bonuses and moving expenses
\$520.0 UGF

Public Health Specialist position to access
federal BOLD Act funding for dementia programs
\$120.0 UGF

Ms. Reardon remarked the nursing recruitment bonuses and moving expenses were aimed at assisting with the public health nursing positions that had a large number of vacancies for an unacceptably long time. She continued to review the report:

Senior and Disabilities Services

Community Based Grants increment to offset impact
of population increases and inflation on
services:

Senior Services \$912.2 UGF

Centers for Independent Living \$586.0 UGF

General Relief/Temporary Assisted Living daily
rate increase \$3,418.5 UGF

Ms. Reardon expounded that the temporary assisted living daily rate had been \$70/day since 2002. The increment would increase the daily rate with inflation to \$104.30/day. She continued to review the report:

Intent for department to develop a plan with
stakeholders to eliminate the Intellectual and
Developmental Disabilities waiver waitlist.

Ms. Reardon noted the request for the five-year plan had been a request by the Key Coalition. She continued to review the report:

Medicaid

Draw 20 additional disabled Alaskans off the
lengthy waitlist for services through the

Intellectual and Developmental Disabilities
waiver \$870.9 UGF, \$870.0 Fed.

Intent for department to continue to produce the
annual Medicaid Unrestricted General Fund
Obligation Report (MUGFOR).

Ms. Reardon elaborated that a similar increment had been included in the FY 22 budget and resulted in 70 rather than 50 individuals being pulled off the 600 person waitlist. Additionally, the intent language related to the MUGFOR asked the department to produce the report halfway through the year in order for the legislature to know what the Medicaid spend looked like when it convened session in January. She concluded her presentation.

^JUDICIARY

[5:55:32 PM](#)

CATHERINE REARDON, STAFF, REPRESENTATIVE ANDY JOSEPHSON,
presented the subcommittee report for Judiciary:

RECOMMENDATIONS:

The House Finance Budget Subcommittee for the
Judiciary submits the following recommended operating
budget for FY 23 to the House Finance Committee:

Fund Source: (dollars are in thousands)
Unrestricted General Funds (UGF) \$ 120,412.6
Designated General Funds (DGF) \$ 518.0
Other Funds \$ 2,246.1
Federal Funds \$ 975.6
Total \$ 124,152.3

The Unrestricted General Fund difference from FY 23
Adjusted Base to the House Subcommittee budget
recommendation is an increase of \$ 3,278.5 thousand of
Unrestricted General Funds, which is 2.8 percent above
the FY 23 Adjusted Base budget.

The House Subcommittee converted one part-time
Therapeutic Court probation officer to full-time, as
requested by the Judiciary and reflected in the
Governor's request.

Positions:

Permanent Full-time 740
Permanent Part-time 37
Temporary 5
Total 782

BUDGET ACTION:

The House Finance Budget Subcommittee reviewed the FY 23 budget request from the Judicial Branch as submitted by the Governor and recommends it be approved. \$80 million UGF has been substituted for \$80 million ARPA Revenue Replacement in the Trial Courts appropriation to reflect the House Baseline and defer to the House Finance Committee decisions about use of ARPA funds. The Subcommittee did not reject any elements of the requested budget or make any amendments of its own.

Significant Changes from FY 23 Adjusted Base:

\$1,195.1 UGF added to return workers to a 37.5 hour work week from 36 hours. In FY 17, the court system reduced its regular workweek and staff salaries by 4 percent and reduced Friday customer service counter hours. In FY 23 a work backlog and demand for increased customer service hours necessitate returning some, but not all, staff to 37.5 hours.

\$1,241.8 UGF added for annual software subscriptions to protect the court system's network and prevent another cybersecurity attack similar to FY 21. This increment will also allow parties to share and display trial evidence through a secure online database, will maintain software licenses and will augment several programs.

\$136.5 UGF added to Therapeutic Courts to cover increased costs for treatment services in Palmer, Kenai, and Anchorage, and to fully fund a probation officer, testing, and treatment in Bethel.

\$661.5 UGF added for facility leases, utilities, maintenance, and security costs at the court system's forty facilities across the state.

Ms. Reardon concluded her presentation.

^DEPARTMENT OF LAW

5:59:21 PM

ELISE SORUM-BURKE, STAFF, REPRESENTATIVE ANDY JOSEPHSON, reviewed the subcommittee report for the Department of Law:

RECOMMENDATIONS:

The House Finance Budget Subcommittee for the Department of Law submits the following recommended operating budget for FY 23 to the House Finance Committee:

Fund Source: (dollars are in thousands)
Unrestricted General Funds (UGF) \$60,626.5
Designated General Funds (DGF) \$ 2,746.7
Other Funds \$32,651.4
Federal Funds \$ 2,056.2
Total \$98,080.8

The Unrestricted General Fund difference from FY 23 Adjusted Base to the House Subcommittee budget recommendation is an increase of \$4,478.9 thousand of Unrestricted General Funds, which is 4.8 percent above the FY 23 Adjusted Base budget.

\$3,400 thousand of the UGF increase recommended is a one-time increment for FY 23 and is not built into the adjusted base budget.

Positions:
Permanent Full-time 550
Permanent Part-time 0
Temporary 0
Total 550

BUDGET ACTIONS:

The House Finance Budget Subcommittee for the Department of Law reviewed the Governor's FY 2023 budget request including Governor's amendments, and took the following actions:

The Governor submitted 8 budget action items. The subcommittee approved all Governor operating budget items for a total increase of \$897.1 thousand in UGF.

Ms. Sorum-Burke elaborated that of the eight actions, six dealt with fully funding the positions added in FY 22 to help with prosecutions of sexual assault cases, which were funded at 75 percent in the FY 22 budget. One item was the deletion of a project manager position, which the department no longer needed. The remaining item was a technical change relating to the naming structure of the Civil Division. She highlighted that the following four budget amendments dealt with the retention and recruitment challenges faced by the department. The subcommittee acknowledged that the Department of Law attorneys were partially exempt, and their salaries had not been adjusted since 2015. Additionally, the subcommittee heard departmental emphasis on the inability to recruit and retain quality legal professionals. She continued to review the report:

SUBCOMMITTEE AMENDMENTS:

The subcommittee adopted the following budget amendments:

1. The Subcommittee approved an additional \$100.0 thousand UGF funding to the Civil Division for recruitment and retention efforts.
2. The Subcommittee approved an additional \$100.0 thousand UGF funding to the Criminal Division for recruitment and retention efforts.
3. The Subcommittee approved an additional one-time increment of \$1,700.0 thousand UGF in the Civil Division to provide retention bonuses to division staff. Bonuses will be provided to staff who are employed on June 30, 2022 and continue to be employed on May 31st 2023. Bonuses are to be allocated as follows: \$10,000 for attorney positions, \$5,000 for associate attorneys, paralegals, investigators, and similar positions, \$3,000 for law office assistants, law office managers and other general office personnel. It is not the intent of the legislature to provide bonuses to the Criminal Division Director or Deputy Attorney General for the division.
4. The Subcommittee approved an additional one-time increment of \$1,700.0 thousand UGF funding to provide retention bonuses to department staff

in the Criminal Division. Bonuses will be provided to staff who are employed on June 30, 2022 and continue to be employed on May 31st 2023. Bonuses are to be allocated as follows: \$10,000 for attorney positions, \$5,000 for associate attorneys, paralegals, investigators, and similar positions, \$3,000 for law office assistants, law office managers and other general office personnel. It is not the intent of the legislature to provide bonuses to the Criminal Division Director or Deputy Attorney General for the division.

ADDITIONAL RECOMMENDATIONS:

The House Finance Subcommittee Chair makes the following additional recommendations:

FY 22 Supplemental Item - Judgment and Settlements- Seek additional legal guidance prior to appropriation of the \$495,000 needed to pay settlement costs for the Blanford v Dunleavy case. The Subcommittee Chair recognizes that there are conflicting legal analyses of how and whether settlement expenses should be paid in this unique case. The Subcommittee encourages the House Finance committee to seek guidance from the Legislative Legal division as to whether there are potential legal ramifications of the legislature providing funding for this settlement agreement.

Reject Proposed Multi-year \$4 million Appropriation to Support Statehood Defense. It is unlikely, based on the amount spent thus far in FY 22, that additional money will be needed prior to the end of FY 23. It would be more appropriate for the Department to utilize the existing \$4 million appropriation in whole prior to requesting additional funding. These funds can be better used in FY 23 to support recruitment efforts and retention bonuses for department staff.

Ms. Sorum-Burke concluded her review of the subcommittee report.

Co-Chair Foster asked Ms. Sorum-Burke to repeat the total budget amount for the Department of Law.

Ms. Sorum-Burke replied the amount was \$98,080,800.

Co-Chair Foster asked for the total number of positions.

Ms. Sorum-Burke responded, "550."

^OFFICE OF THE GOVERNOR

6:05:02 PM

REMOND HENDERSON, STAFF, REPRESENTATIVE NEAL FOSTER, reviewed the subcommittee report for the Office of the Governor:

RECOMMENDATIONS:

The House Finance Budget Subcommittee for the Office of the Governor submits the following recommended operating budget for FY 23 to the House Finance Committee:

Fund Source: (dollars are in thousands)
Unrestricted General Funds (UGF) \$29,393.2
Designated General Funds (DGF) \$0.0
Other Funds \$3,703.3
Federal Funds \$227.8
Total \$33,324.3

The Unrestricted General Fund difference from FY 23 Adjusted Base to the House Subcommittee budget recommendation is an increase of \$587.8 thousand of Unrestricted General Funds, which is 2.0 percent increase above FY 23 Adjusted Base.

Positions:
Permanent Full-time 155
Permanent Part-time -0-
Temporary 22
Total 177

BUDGET ACTION:

The House Finance Budget Subcommittee for the Office of the Governor reviewed the FY 23 Governor's budget request and accepted all the Budget Action items except the following:

Denied the Governor's request to convert the Central Services Cost Allocation Rate Smoothing appropriation to language using lapsing funds. Instead, funded this item as a one-time FY 23 increment to alleviate reliance on using lapsing funds.

Mr. Henderson detailed that the increase of \$587,800 in general funds included two major items: \$390,000 to align state election poll workers hourly rate at an increase of \$3.00 and \$155,000 for a homeless coordinator for the Safety Initiative Homeless Program. He concluded his report.

^LEGISLATURE

[6:07:05 PM](#)

REMOND HENDERSON, STAFF, REPRESENTATIVE NEAL FOSTER, provided the subcommittee report for the Legislature.

RECOMMENDATIONS:

The House Finance Budget Subcommittee for the Legislature submits the following recommended operating budget for FY 23 to the House Finance Committee:

Fund Source: (dollars are in thousands)
Unrestricted General Funds (UGF) \$68,934.0
Designated General Funds (DGF) \$344.9
Other Funds \$394.8
Federal Funds \$00.0
Total \$69,673.7

The Unrestricted General Fund difference from FY 23 Adjusted Base to the House Subcommittee budget recommendation is an increase of \$2,231.0 million of Unrestricted General Funds, which is 3.3 percent above the FY 23 Adjusted Base.

Mr. Henderson noted the increase was primarily comprised of \$2 million for legislative per diem. He continued the report:

Positions:
Permanent Full-time 267

Permanent Part-time 281
Temporary 28
Total 576

BUDGET ACTION:

The House Finance Budget Subcommittee for the Legislature reviewed the FY 2023 Governor's budget request, including amendments, and recommends the following actions:

Deny the Office of the Governor's increment of \$935.2 for performance reviews.

Mr. Henderson remarked that performance reviews were required by statute but were no longer performed. He explained the increment was denied annually. The FY 23 budget would be the last time the request would be made. He continued with the report:

Accept all other Office of the Governor's budget proposals.

Accept one amendment as proposed by Legislative Council with the following components:

Established a new Integrated Technology Services allocation transferring positions from the Administrative Services allocation and funding from various allocations.

Established a new Security Services allocation transferring positions from the Session Expenses allocation and funding the Legislative Operating Budget Allocation.

Approved a \$100.0 UGF increment in the Ombudsman allocation.

Mr. Henderson concluded his report.

Co-Chair Foster indicated all of the subcommittee reports had been reviewed. He had intended to roll out the committee substitute the following morning; however, due to the late hour, it was possible it would be the day after.

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

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

Co-Chair Foster reviewed the schedule for the following morning.

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ADJOURNMENT

6:10:48 PM

The meeting was adjourned at 6:10 p.m.