

HOUSE FINANCE COMMITTEE
March 30, 2022
1:34 p.m.

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CALL TO ORDER

Co-Chair Merrick called the House Finance Committee meeting to order at 1:34 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair (via teleconference)
Representative Kelly Merrick, Co-Chair
Representative Dan Ortiz, Vice-Chair
Representative Ben Carpenter
Representative Bryce Edgmon
Representative DeLena Johnson
Representative Andy Josephson
Representative Bart LeBon
Representative Sara Rasmussen
Representative Steve Thompson
Representative Adam Wool

MEMBERS ABSENT

None

ALSO PRESENT

Representative Bryce Edgmon, Sponsor; Amory Lelake, Staff, Representative Bryce Edgmon; Micaela Fowler, Administrative Services Director, Department of Commerce, Community and Economic Development, Office of Management and Budget, Office of the Governor; Representative Matt Claman, Sponsor.

SUMMARY

HB 363 BROADBAND: OFFICE, GRANTS, PARITY

HB 363 was HEARD and HELD in committee for further consideration.

HB 60 PUBLIC SCHOOLS: MENTAL HEALTH EDUCATION

HB 60 was HEARD and HELD in committee for further consideration.

Co-Chair Merrick reviewed the meeting agenda.

#hb363

HOUSE BILL NO. 363

"An Act establishing the office of broadband; creating the broadband parity adjustment fund; establishing the Statewide Broadband Advisory Board; and providing for an effective date."

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REPRESENTATIVE BRYCE EDGMON, SPONSOR, introduced the bill. He explained that the intent of the bill was straight forward. He wanted to share the circumstances that led to the legislation. He reported that in May 2021, Governor Dunleavy issued an administrative order to create a Task Force on Broadband in anticipation of the Infrastructure Investment and Jobs Act (IIJA) passing Congress, which happened on November 15, 2021. The eleven member taskforce held 32 meetings during the summer and fall of 2021 that included stakeholder engagements and public testimony. The taskforce finished its work and submitted its report in November 2021, prior to the passage of the infrastructure bill. He recounted that the House Finance Committee held a two hour hearing with the Task Force on Broadband and its recommendations on February 1, 2022. Subsequently, he realized that the issue was significant and should not solely be left up to the executive branch to unilaterally establish a Broadband office in a state agency to be the recipient of the potential billions of dollars for broadband. The funding was money that would actually lead to deployment of the highest quality and most affordable broadband that current technology offered. He noted that the backstory led to crafting HB 363. He had to consider how to create a bill when there were no statutory provisions related to broadband. Therefore, he turned to the Broadband Taskforce for assistance in crafting the bill. He emphasized that the bill was almost exclusively built off of the taskforce's recommendations with the exception of minor changes made in a prior committee. He summarized the bill. He reiterated that HB 363 was straightforward and had three components. The first was to establish the Broadband Taskforce. The second created a

Broadband Adjustment Parity Fund and the third component created an advisory board comprised of a diversified group of Alaskans to advise and support the broadband office and play a key role in terms of creating the necessary partnerships in order to deploy broadband across the state; industry, stakeholders, state, and multiple federal agency partners. He viewed the larger picture that included the competitiveness of the telecommunications industry, the vastness and challenging terrain of Alaska, 65 percent federal ownership of Alaska lands, and other circumstances that made it challenging to get the infrastructure and technology in place. He believed that once broadband was deployed it would play a significant role in education, public safety , government services, telehealth, etc. He noted the potential billions of dollars coming into the state in the realm of about \$65 billion in 7 "different buckets of money." He delineated that \$42.5 billion of the funding would flow through "one bucket" called the "Broadband Advisory Equity Deployment Fund." Another smaller source or bucket of funding was \$2 billion for tribal connectivity, which would not be dispersed through the broadband office, but separately via relationships with tribes and consortiums. He noted that there were also technical aspects of the bill.

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Co-Chair Merrick asked to hear a sectional analysis and explanation of the changes made in the previous committee.

AMORY LELAKE, STAFF, REPRESENTATIVE BRYCE EDGMON, indicated that the bill would create a brand new section of law between the Alaska Forest and Marketing Program and the Alaska Revolving Loan Program. She reiterated that broadband was not contemplated in Alaska law and the bill "charted new territory." She provided the sectional analysis (copy on file):

Section 1: Creates a new section, AS 44.33.910, to establish the Office of Broadband in the Department of Commerce, Community, and Economic Development (DCCED) and details the Office of Broadband's purpose, powers, and duties, to include:

1. Expand broadband access and digital equity in the state through federal, tribal, and local partnerships, while maintaining technological

neutrality, with prioritization of service expansion in the following order: unserved areas, underserved areas, and anchor institutions.

Ms. Lelake pointed out that in Section 1, Tribal was added by the prior committee, House Labor and Commerce Committee (HLC). The prioritization of service expansion was defined in IIJA and recommended by the taskforce.

2. Develop a procedure for adoption of broadband service maps that incorporates the forthcoming Federal Communications Commission (FCC) maps in accordance with the Federal Broadband DATA Act, streamline permitting processes, and encourage development of in-state workforce

Ms. Lelake elaborated that HLC clarified that the development of an in-state workforce would come from the University of Alaska's (UA) existing apprenticeship programs and technical workforce programs.

3. Establish a grant program and broadband parity adjustments:

- a. AS 44.33.915 establishes the Broadband Parity Adjustment Fund (BPAF);
 - b. The BPAF is a separate fund in the treasury which allows for grants to offset the costs of broadband services for eligible consumers;
 - c. Makes grants to eligible beneficiaries to improve the performance of and access to broadband across the state;
 - d. Funds can come from money appropriated by the legislature, federal funds, and interest earned on the fund balance;
4. Review and consideration of the recommendations of the Statewide Broadband Advisory Board (The SBAB) established under AS 44.33.920.

Ms. Lelake interjected that the BPAF was recommended by the taskforce and was included in a letter of comment from the governor to the National Telecommunications and Information Administration (NTIA). The adjustment fund ensured affordability for rural Alaska residents who paid high costs for relatively small amounts of bandwidth.

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Ms. Lelake continued to review the sectional analysis:

The board is:

- a. Composed of 9 members appointed by the Governor, and commissioners from DCCED and the Department of Education & Early Development (DEED) and two ex-officio, non-voting members from the legislature appointed by presiding officers
- b. Created to provide an inclusive process for a broad number of stakeholder groups including tribal, local government, school districts, The University, health care sector, industry, and consumers
- c. Directs the SBAB to create a broadband technical working group.

Section 2: This Act sunsets on June 30, 2030

Section 3: Establishes an immediate effective date under AS 01.10.070(c)

Ms. Lelake indicated that that the two ex-officio members were added by the HLC committee, added three year term lengths, and specified that two members of the advisory board must be from unserved and underserved communities. She furthered that the broadband technical working group would be comprised of industry providers in the state. The sunset date allowed enough time for the projects to be completed.

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Representative Johnson recognized that there was substantial incoming money for tribal entities. She looked at the board makeup that included a member of a tribal government and a member of an Alaska Native Corporation. She wondered how the two members would bring a different perspective to the board.

Representative Edgmon replied that the bill had to strike a balance between the size of the board but accommodate all the stakeholders. He elucidated that a technical subgroup was established that would be comprised of industry representatives to advise the broadband advisory group. A component of broadband infrastructure funding was designed to provide broadband to unserved and underserved areas. He noted that 182 communities in the state were unserved. He determined that adding the two Alaska Native members added the perspective of the larger corporate presence and the

tribal non-profit element as a critical element of serving unserved and underserved populations. He mentioned that areas of the state had significant Alaska Native populations like in areas of the Matanuska-Susitna Valley (Mat-Su) that were technically underserved.

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Ms. Lelake added that the advisory board was directly derived from the taskforce recommendations that included tribal and Native members.

Representative Johnson stated that Native corporations had worldwide reach and innumerable corporate resources and interests. She asked if any of the corporations were involved in broadband buildout and if they had any expertise to offer.

Representative Edgmon responded that Doyon Regional Corporation informed him that they were working on placing fiber optic cable along the Yukon River. He guessed that other Native Corporations were working on obtaining broadband funding and become part of a larger web of partners in getting broadband to remote parts of the state.

Vice-Chair Ortiz asked what the term "technical neutrality" meant. Ms. Lelake answered that technological neutrality was a term that existed throughout the infrastructure bill. She elaborated that it meant one technology could not be chosen over another. The requirements of speed and latency determined what technology would be approved for a grant rather than it being named in the bill.

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Vice-Chair Ortiz noticed that the bill named the Department of Commerce, Community and Economic Development (DCCED) as the agency tasked with carrying out the broadband functions. He thought it made good sense but noted that there was not another department that had been cut more in recent years. He asked whether the bill provided the department the means to handle the demands of the bill. He mentioned that the COVID relief funding distribution had "mixed results" in the state.

Co-Chair Merrick noted that DCCED was online.

Representative Edgmon highlighted that every state and every territory had been granted \$100 million in "set aside" funding. The state had to prove that the necessary structure was in place to qualify for the funding. He remarked that a significant portion of the funding would be awarded through NTIA. He stated that the bill was minimalistic in relation to taskforce recommendations because the state did not have all of the regulations from NTIA yet. He expected that on May 16, 2022, the NTIA would issue a "Notice of Funding Opportunity" that would offer more information regarding competing for grant funding. He offered that each state needed to file a "Notice of Letter of Intent" alerting the NTIA that Alaska intended to participate. The letter qualified the state for 5 percent of the \$100 million or \$5 million in set aside funding. The seed money would fund the broadband office, administration, planning , and interfacing. He anticipated that no General Funds (GF) would be expended in the effort for many years.

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Ms. Lelake added that the initial \$5 million was expressly for planning purposes and the department would speak to the specific positions that were necessary to obtain the Eligible Use and Planning Pre-Deployment Funds awarded by NTIA.

Representative LeBon cited page 4 of the bill showing a list of board members, specifically the broadband industry member. He asked how the broadband industry member would be selected given the different technologies that existed. Ms. Lelake answered that the bill contemplated that the governor would appoint the industry member. However, the technical subcommittee group of which the broadband industry member would be part of would represent all of the industry's' technologies. The subcommittee and the industry member would offer recommendations to the advisory board. Representative LeBon did not want a particular type of service to be excluded because they did not have "a voice at the table."

Representative Wool referenced the mention of consumer representation. He asked for detail pertaining to who that would be and how was the member chosen. Ms. Lelake answered that the member representing consumers would be appointed by the governor. She did not know how the governor would select the person. She hoped that it would be someone from

an unserved or underserved community. She commented that the advisory board was intended to be made up of broadband consumers with the exception of the industry member and technical working group. Representative Wool relayed that he spoke with the sponsor about the importance of consumer representation on the board. He had mentioned that Alaska Public Interest Research Group (AKPIRG) as a possible group, or the Regulatory Affairs Public Advocacy group (RAPA) might best represent consumers. He wanted to ensure consumers were well looked after since everyone was a broadband consumer.

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Representative Edgmon underscored that that the advisory board members composition was taken from the Broadband Taskforce's recommendations.

Co-Chair Merrick asked the department to review the fiscal note.

MICAELA FOWLER, ADMINISTRATIVE SERVICES DIRECTOR, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, relayed that the department was appreciative of the legislation. The department believed that the bill offered clear legislative intent for how it should proceed with the broadband program. She explained that the funding for the program was limited to the \$5 million referenced by Representative Edgmon. Initial costs for the office will be funded from federal revenue from the Broadband Equity, Access, and Deployment Program (BEAD), that would become available once DCCED submitted its Letter of Intent. The letter of intent could not be submitted until after the May 16, 2022, Notice of Funding Opportunity was released.

Co-Chair Merrick asked how the department knew it would receive a portion of the \$5 million. Ms. Fowler answered that it was specified in the BEAD program guidelines. Co-Chair Merrick clarified that the \$5 million was not a competitive grant. Ms. Fowler responded in the affirmative.

Ms. Fowler discussed the published fiscal impact fiscal note for DCCED, Commissioner's Office (FN1 (CED)). She relayed that the initial staffing was conservative to avoid overstaffing the office on the frontend since there were still unknowns until DCCED received the funding opportunity

notice. She delineated that three initial positions would be needed beginning in FY 23. She listed the positions: Director of Broadband, Broadband Technician, and a Project Administrator. The administration deduced that it was important to attract candidates that understood broadband and had some level of technical expertise and also were able to communicate with non-technical staff and stakeholders.

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Ms. Fowler continued to review the fiscal note. She indicated that in FY 2024, the department would hire two additional grant administrator positions. She reminded the committee that DCCED would administer grants through the BEAD program to the private sector to build out broadband. She furthered that the bill mandated that travel costs associated with the board were not borne by the state. Therefore, travel would be limited but DCCED budgeted \$15,000 designated for staff travel rather than board travel to ensure visits to unserved and underserved communities. She delineated that regulations would be needed to define grant processes and set the broadband offset rate. In addition, a considerable increase in legal support services were anticipated to ensure compliance with federal laws and for development of grant regulations. She noted that DCCED was striving for a "clean" grant process that was carefully laid out so it would not be misconstrued that the department chose "winners and losers." She offered that DCCED expected some commodities costs, and the grant line was indeterminate. She alluded that in FY 24, the department would likely request either a capitalization for the parity fund or some other further legislative appropriation action.

Representative Johnson deduced that the three positions would not be needed once the projects were completed. Ms. Fowler answered that the legislation had a sunset date. The department created the positions as temporary until the federal funds were exhausted.

Vice-Chair Ortiz asked about the \$297,000 for the three temporary exempt positions. He inquired how DCCED derived the figure. He guessed that the jobs would be competitive since the broadband program was nationwide. He wondered whether the amount was sufficient to attract capable applicants.

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Ms. Fowler replied that the department believed the positions were appropriately ranged. She relayed that a typical director position was a range 27 and the temporary director position was a range 26, which aligned with a director's salary of a smaller division. She disclosed that the department was looking for parity with similar state positions. Vice-Chair Ortiz stated that it made sense when comparing the wages to the government structure, but he did not know it was possible to fit the state salary structure into the demand for highly technical candidates.

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Representative Carpenter cited the definition of "anchor institution" on page 3, subsection (e) and turned to page 4, lines 18 through 26 that listed the breakdown of the 9 additional members as follows:

- (A) a local government;
- (B) an Alaska Native corporation;
- (C) a tribal government;
- (D) a school district;
- (E) the University of Alaska;
- (F) the health care community;
- (G) the business community;
- (H) the broadband industry; and
- (I) a broadband consumer.

Representative Carpenter he deemed that (A), (D), (E), (F), represented anchor institutions. He wondered whether Alaska Native corporation, tribal government, the business community, the broadband industry, and a broadband consumer were considered anchor institutions.

Ms. Lelake answered that the definition of anchor institutions was included in the IIJA bill. She stated the definition, "an entity that facilitates the greater use of broadband service by vulnerable populations including low income, unemployed, and aged individuals, such as schools, libraries, health clinics or centers, hospital and other medical providers, public safety entities, institution of higher education, public housing organization, and community support organization." She interpreted it to mean the anchor institutions were a priority for funding in the infrastructure bill; therefore, having individuals from

anchor institutions on the board made sense. She would follow up. Representative Carpenter discerned that tribal governments would fit into the definition but questioned whether Native Corporations or other corporations would fit into the category. He believed that it mattered. He drew attention to page 4, line 16, subsection (4) and read, "at least two of whom live in an unserved or underserved area." He moved to page 2, lines 5 through 10, and read, "

- (c) The office of broadband shall
- (1) prioritize broadband service expansion in the following order of priority: (A) unserved areas; (B) underserved areas; and (C) anchor institutions;

Representative Carpenter noted that unserved areas was listed as the first priority, underserved as the second, and finally anchor institutions. He observed that there were no specific entities listed in the bill as a priority under unserved or underserved areas and only two members of the board were required to live in the areas. He emphasized that the remainder of the members of the board were not from unserved and underserved areas and were listed third in priority for the funding. He surmised that the majority of the board could be from non-unserved or non-underserved areas. He asked what happened if there was an anchor institution from an unserved or underserved area. He thought that there was a risk that the composition of the board could be made up completely of anchor institutions.

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Representative Edgmon thought it was a great question. He pointed out that they were creating a new section of law. He believed invited testimony in the future would likely illuminate the issue. He reminded the member that the advisory board was derived from the taskforce's recommendations. He shared from personal experience that in order for rural communities to receive any type of service it typically happens through an anchor institution like a school, health clinic, troopers, or Village Public Safety Officer (VPSO) office. He pondered whether having more unserved and underserved members could be beneficial. He welcomed the insight and felt that he could not answer the question in depth. He deferred to the chair of the taskforce to address Representative Carpenter's concern. Representative Carpenter opined that if there was a

broadband consumer as one of the board members competing against six anchor institutions for projects, it was a David and Goliath situation. He was concerned it was stacked heavily toward funding institutions and the rural communities would become second priority.

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Representative Edgmon answered that the grant funding required compliance with regulations and the state would need to work with NTIA, the Federal Communications Commission (FCC), and possibly the United States Department of Agriculture (USDA). He furthered that the broadband deployment services would be measured, and the performance evaluated to ensure what the federal program wanted to achieve, providing high quality internet to rural areas in a manner comparable to urban areas. He concluded that the funding had to achieve the goals.

Representative Rasmussen understood that any decisions for projects regardless of the makeup of the advisory board was to serve unserved communities first followed by underserved communities. She doubted that the composition of the task force would supersede the priority requirement. Representative Edgmon outlined that the first thing that was necessary was to determine the unserved and underserved areas of the state. He delineated that it would happen via an "exhaustive" mapping process that was not yet completed. The broadband office would coordinate and help shepherd the mapping process. However, there were many small communities scattered throughout the state where an anchor institution rose above the priorities of unserved and underserved because that was all that was operating in the community. He agreed that unserved and underserved would likely remain the priority, but he was uncertain.

Ms. Lelake interjected that Representative Rasmussen was correct. She elucidated that the federal law made it clear through definition the unserved and underserved were listed as the top priorities. She ascertained that once unserved and underserved were equipped with broadband, anchor institutions would also be equipped with broadband since they existed within those communities. She furthered that the advisory board would not make decisions regarding grants. Grants would be determined by the Office of Broadband and what was established through law. The board was established for stakeholder engagement. She emphasized

that it was absolutely clear in state and federal law that unserved and underserved communities were prioritized first.

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Representative Carpenter had understood the point reiterated by Ms. Lelake. He was uncertain how it would work in practice. He used his community as an example. His community was comprised of a school and unserved and underserved area. He listed the members of the advisory board and wondered whether the school was served first or if consumers were prioritized. He questioned whether the board had the "right influencers to get the money out to the unserved areas." He opined that the board was stacked with individuals from anchor institutions.

Representative Wool referred back to his comment on AKPIRG and RAPA and noted that they were consumer advocate organizations. He did not want just anyone on the consumer seat he favored someone experienced with representing the consumer.

Co-Chair Merrick asked if there were other similar pieces of legislation that dealt with setting up the broadband infrastructure. Representative Edgmon answered that it was the only piece of legislation in the House and there was also a Senate companion bill.

Ms. Lelake added that there was an identical bill, SB 234 in the Senate introduced by the Senate Labor and Commerce Committee. She noted that there were other bills that established a broadband authority.

HB 363 was HEARD and HELD in committee for further consideration.

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AT EASE

[2:31:12 PM](#)

RECONVENED

#hb60

HOUSE BILL NO. 60

"An Act relating to mental health education."

[2:31:16 PM](#)

Co-Chair Merrick indicated that the bill was previously heard on March 17, 2022, and the committee would consider 7 amendments.

Representative Thompson noted that the Senate version was in third reading on the Senate Floor and if it passed the body, it would be referred to the House Finance Committee. He indicated that the amendments offered by the committee were not in the Senate version. He recommended waiting until the Senate version was referred to the committee.

Representative Thompson MOVED to TABLE HB 60 until it was known whether the Senate would pass the bill.

[2:32:32 PM](#)

AT EASE

[2:35:23 PM](#)

RECONVENED

Co-Chair Merrick OBJECTED.

[2:35:51 PM](#)

AT EASE

[2:39:09 PM](#)

RECONVENED

Representative Thompson WITHDREW his motion.

Representative Edgmon stated that a motion to table was nondebatable. He thought there should be an opportunity for the public to hear discussion regarding the motion. He stated the issue as he understood it. He voiced that the Senate companion bill, SB 80 would likely pass and be referred to the committee. The question was whether the committee act on the amendments during the hearing and duplicate the process when the Senate bill was referred. He noted that there were no formal rules to guide the decision, but it was customary to defer to members from its own body.

REPRESENTATIVE MATT CLAMAN, SPONSOR, preferred to take up the amendments during the current meeting. He furthered that the amendments that passed could be taken up in a

single amendment or a Committee Substitute (CS) if the Senate bill was referred.

Representative Wool asked if the other co-chair was online to vote.

Co-Chair Foster was present online.

Representative Wool thought that if the committee currently debated the amendments the actions could act as guidance and did not necessarily mean adopted amendments had to be rolled into the Senate version of the bill.

Co-Chair Merrick relayed that there was a firm 3:30 stop time.

Representative Edgmon thought Representative Thompson should be able to make his case.

Representative Thompson explained that he wanted to avoid the possibility of taking up the amendments twice.

Representative Thompson MOVED to TABLE the bill until SB 80 was referred to committee.

[2:43:02 PM](#)

A roll call vote was taken on the motion.

IN FAVOR: Johnson, LeBon, Rasmussen, Thompson, Carpenter, Merrick, Foster

OPPOSED: Edgmon, Josephson, Ortiz, Wool

The MOTION PASSED (7/4). There being NO further OBJECTION, HB 60 was TABLED.

HB 60 was HEARD and HELD in committee for further consideration.

[2:44:10 PM](#)

AT EASE

[2:44:32 PM](#)

RECONVENED

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

ADJOURNMENT

2:44:57 PM

The meeting was adjourned at 2:44 p.m.