

32nd ALASKA STATE LEGISLATURE
FIRST SESSION
SPECIAL SESSION
CONFERENCE COMMITTEE ON HB 69 and HB 71
June 11, 2021
4:40 p.m.

[4:40:18 PM](#)

CALL TO ORDER

Chair Foster called the Conference Committee meeting on HB 69 and HB 71 to order at 4:40 p.m.

MEMBERS PRESENT:

House:

Representative Neal Foster, Chair
Representative Kelly Merrick
Representative Bart LeBon (via teleconference)

Senate:

Senator Bert Stedman, Vice-Chair
Senator Click Bishop
Senator Donny Olson

MEMBERS ABSENT

None

ALSO PRESENT:

Alexei Painter, Director, Legislative Finance Division;
Kelly Cunningham, Analyst, Legislative Finance Division.

SUMMARY

HB 69 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 69 was HEARD and HELD in committee for further consideration.

HB 71 APPROP: MENTAL HEALTH BUDGET

HB 71 was HEARD and HELD in committee for further consideration.

#HB69

#HB71

CS FOR HOUSE BILL NO. 69(FIN) am(brf sup maj fld)(efd fld)

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

SCS CSHB 69(FIN) AM S

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; making capital appropriations, supplemental appropriations, and reappropriations; and providing for an effective date."

and

CS FOR HOUSE BILL NO. 71(FIN) am

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

SENATE CS FOR CS FOR HOUSE BILL NO. 71(FIN)

"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."

4:41:02 PM

Chair Foster invited Alexei Painter, Director of the Legislative Finance Division to join the committee at the table. He noted that the committee would be addressing open items in HB 69 and HB 71 based on the motion sheets distributed to members and dated June 11th (copy on file) on the departments of:

FY 22 OPERATING BUDGET:

DEPARTMENT OF HEALTH AND SOCIAL SERVICES
DEBT SERVICE
FUND CAPITALIZATION

FY 21 SUPPLEMENTAL OPERATING BUDGET:

DEPARTMENT OF ENVIRONMENTAL CONSERVATION
DEPARTMENT OF LAW

^FY 22 OPERATING BUDGET: DEPARTMENT OF HEALTH AND SOCIAL SERVICES

[4:41:20 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following items within the Department of Health and Social Services FY 22 operating budget:

Item 1	Senate	
Item 2	Senate	
Item 3	House	
Item 4	House	
Item 5	House	Both Items
Item 6	House	Modify, to one time increment.
Item 7	House	Both Items
Item 8	House	
Item 9	House	
Item 10	Senate	
Item 11	House	
Item 12	House	Both Items
Item 13	House	Both Items
Item 14	Senate	Plus \$206.4 thousand
Item 15	House	Both Items
Item 16	House	Modify, Fund Source Swap 1246 Recidivism Fund to 1004 UGF
Item 17	House	Modify, to read "It is the intent of the legislature that \$3.4 million of general funds, in addition to the level of funding allocated in FY 21 be used to support Alaska Native Tribes and Tribal Organizations participating in the Alaska Tribal Child Welfare Compact and the Office of

Children's Services to provide the services outlined in the Compact."

Item 18	House	
Item 19	House	
Item 20	House	
Item 21	House	All Items
Item 22	Senate	Modify, plus \$264.1 thousand fed. Plus \$22.4 thousand UGF
Item 23	Senate	Modify, plus \$57.7 thousand GF/Match
Item 24	Senate	Modify, plus 3 positions plus \$155.3 thousand UGF, plus \$12.8 thousand SDPR
Item 25	Senate	Modify, plus 1 position. Plus \$67.2 thousand
Item 26	Senate	
Item 27	House	
Item 28	House	
Item 29	Senate	
Item 30	Senate	Modify, Plus 51 positions, plus \$894.3 thousand Fed, plus \$858.2 thousand GF/Match
Item 31	Senate	Both Items
Item 32	Senate	Both Items
Item 33	House	
Item 34	Senate	Both Items
Item 35	Open	
Item 36	Open	
Item 37	House	
Item 38	Senate	Both Items
Item 39	Senate	Both Items
Item 40	Senate	Modify, plus \$17.5 million GF/Match
Item 41	Senate	
Item 42	Open	
Item 43	Open	
Item 44	Open	
Item 45	Open	
Item 46	Open	
Item 47	Open	

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Representative LeBon OBJECTED for discussion. He began with item 6, a one-time increment that increased funding for behavioral health treatment and recovery grants. He asked which programs would receive the funding.

Chair Foster stated that the governor's original budget had not included some of the funds. He explained that the increase would return to a flat funding level. He asked Mr. Painter to address the questions.

[4:47:08 PM](#)

AT EASE

[4:48:17 PM](#)

RECONVENED

ALEXEI PAINTER, DIRECTOR, LEGISLATIVE FINANCE DIVISION responded that the item 6 was an increase over the governor's budget. He explained that the item partially restored a \$12 million decrease made in 2020 to the FY 21 budget.

Representative LeBon was curious about the programs themselves. He asked if the increment provided general funding for a variety program recipients.

Mr. Painter answered that the behavioral health treatment recovery grants went to a wide variety of receipts. He explained that the increase did not specify a subclass of the recipients.

[4:49:28 PM](#)

Representative LeBon asked if the funding for item 7 was from a designated fund source.

Mr. Painter answered the designated fund source was the alcohol and other drug abuse treatment and prevention fund funded by alcohol taxes. He explained that the \$500,000 was available because of a reduction in the House budget as a result of the elimination of a grant in the mental health budget. The reduction freed up \$500,000 in alcohol funding being used to offset UGF.

[4:50:25 PM](#)

Representative LeBon asked for more detail on item 10 related to hospital funding supporting hospital-based mental health care. He wondered where and which programs the funding would go to.

4:50:54 PM

AT EASE

4:53:22 PM

RECONVENED

Chair Foster asked LFD analyst Kelly Cunningham to join members at the table. He asked her to speak to item 10 related to disproportionate share hospital funding.

KELLY CUNNINGHAM, ANALYST, LEGISLATIVE FINANCE DIVISION, replied that a \$14 million three-year multiyear increment that addressed disproportionate share hospital funding had expired in 2020. She explained that disproportionate share hospital funding was intended to cover hospitals for uncompensated mental health care. The majority of the funding for Alaska went to the Alaska Psychiatric Institute. Several other hospitals could use the funding as well. She elaborated that the increment added \$7 million divided in two \$3.5 million increments to pick up where the previous multiyear increment had left off.

Representative LeBon appreciated the additional background information. He moved to items 18 through 20 and asked for additional information on the depth of the problem and the need for actions to retain the employees in the children's services area.

4:55:36 PM

Ms. Cunningham answered that the overarching issue was a retention problem in the Office of Children's Services (OCS) frontline social workers. The division had struggled to keep caseworkers on for more than two years; therefore, the department and legislature had worked to develop staff retention strategies. The funding was intended to provide bonuses and a few other strategies to retain employees.

Representative LeBon agreed it was a problem that needed work to correct the situation. He moved to items 22 and 23. He asked if the funding source had been moved to federal.

Chair Foster clarified that the items pertained to Circles of Support.

Ms. Cunningham believed the department was reducing some of the funding for the Circles of Support items. She relayed

there were three allocations impacted by the grant. She explained that some of the elements of the program were working and some had not been working as well. She detailed that DHSS was reducing two of the allocations and eliminating funding in one; however, the department said it could provide the services through another grant and providers would not be impacted.

Representative LeBon asked if the grant funding source was federal or state.

Ms. Cunningham replied that the funding was a mix of federal and state.

Representative LeBon looked at item 29 with intent language originating in the House. He asked why the intent language had been removed.

[4:58:25 PM](#)

AT EASE

[5:03:14 PM](#)

RECONVENED

Chair Foster stated his understanding that the intent language stated it was the legislature's intent to revisit long-term vacant positions and explore changes in response to technological efficiencies. He explained that the intent language was out of place because it spoke to things that were beyond the FY 22 budget. The removal of the language was an effort to keep the budget tight.

Representative LeBon thought it seemed like a good goal to do a deeper dive into vacant positions. He remarked that the legislature could remember the goal for the next budget cycle and improve on the language.

Representative LeBon WITHDREW his OBJECTION to items in the DHSS budget.

[5:04:37 PM](#)

Senator Olson looked at item 16 related to insufficient funding to cover \$3.4 million.

Chair Foster stated that item 16 pertained to the Alaska Tribal Child Welfare.

Senator Olson pointed to language located on the right of the motion sheet specifying there was insufficient funding in the Recidivism Reduction Fund to fully cover both increments. He asked how the budget would cover the funding.

Chair Foster stated it was his understanding the fund source would be swapped to UGF. He asked Mr. Painter to provide detail.

Mr. Painter confirmed that the conference committee item would change the fund source to UGF to resolve the fund source issue with the previous fund source.

Senator Olson asked for the reason.

Mr. Painter replied that the House and Senate both appropriated the same funds for different purposes. In resolving the differences between the two budgets, the conference committee had to choose which one would use the recidivism reduction funds. He elaborated that item 16 had been selected to use UGF funding.

Senator Olson WITHDREW his OBJECTION to item 16. He asked about items 37 [34] and 38 related to the transfer of the chief medical officer from the Division of Public Health to the Office of the Commissioner. He asked why the position was being transferred. He remarked it looked like a cost increase.

Chair Foster replied that the item took a Senate position. He asked Mr. Painter to provide background information on the item.

Mr. Painter clarified that the two linked items were 34 and 38. He explained that the funding sources for the two items equaled each other. He detailed that the change was merely the transfer of a position from one area of the department to another.

Senator Olson asked for verification that the medical doctor position was being transferred.

Mr. Painter confirmed the transfer of the chief medical officer position.

5:06:59 PM

Senator Olson assumed the medical officer was in favor of the transfer.

Mr. Painter replied that he could not speak to Dr. Zink's preferences.

Senator Olson WITHDREW his OBJECTION.

There being NO further OBJECTION, items 1 through 47 within the Department of Health and Social Services FY 22 operating budget were ADOPTED.

^FY 22 OPERATING BUDGET: DEBT SERVICE

5:07:24 PM

Vice-Chair Stedman MOVED to ADOPT the following within the Debt Service budget:

Item 1 Senate

Representative LeBon OBJECTED for discussion. He stated that the item appeared to be authority to pay debt service in anticipation that revenue anticipation notes may be issued in the coming year. He asked if he was reading the item correctly.

Chair Foster confirmed that the item was with regard to revenue anticipation notes. He explained that the Department of Revenue wanted another tool in its toolbox.

Representative LeBon asked why the legislature would not afford the department with the additional tool in its toolbox.

Chair Foster shared that he personally believed that if the department identified a clear and compelling need in the future, it could be taken up by the legislature in the next session.

Vice-Chair Stedman added that the issue was in the Senate Finance Committee and would be looked at during the next session [in 2022].

5:09:29 PM

Representative LeBon asked for verification that the legislature was not closing the door to the potential option of issuing revenue anticipation notes but was awaiting the process to play out the following session in regard to the authority to issue the notes. He stated he would withdraw the objection if his understanding was accurate. He WITHDREW his OBJECTION.

There being NO further OBJECTION, item 1 within the Debt Service FY 22 operating budget was ADOPTED.

^FY 22 OPERATING BUDGET: FUND CAPITALIZATION

5:10:05 PM

Vice-Chair Stedman MOVED to ADOPT the following within the Fund Capitalization budget:

Item 1	Open
Item 9	Senate
Item 10	Senate

Representative LeBon OBJECTED for discussion. He asked for further clarification on items 9 and 10. He stated that the House proposal was to grant federal receipt authority for the Alaska Gasline Development Corporation (AGDC). He remarked that by selecting the Senate option, the legislature was not allowing the federal receipt authority for AGDC. He asked for the accuracy of his statement.

Chair Foster agreed.

Representative LeBon asked why the legislature would be opposed to granting federal receipt authority to AGDC.

Vice-Chair Stedman answered allowing the federal receipt authority was not right for the moment. He remarked that the state had been waiting 40 years to build a gasline and he did not believe there would be a problem with that. He explained there were numerous interconnections in the tax code and other possible implications that the state needed to be fully aware of. He noted some things may need to be modified before the state brought gas to market. He believed [including] the issue was premature. He stated the issue would be worked on in the future. He believed the legislature would take immediate action in a special

session dealing with the gasline if a legitimate proposal came forward.

[5:12:23 PM](#)

Chair Foster added that based on discussions he had with individuals, if there was money coming toward the project, the legislature may want to know what kind of strings were attached and what the conditions were. He agreed that the legislature could move quickly if the conditions were favorable to the state. He communicated the desire to have a look at the deal prior to accepting any money.

Representative LeBon observed that there were two ways of looking at the issue. One way involved being fearful of strings that may be attached with federal receipt authority and the other way focused on sending a message that Alaska was looking to move forward on developing its resources. He looked at the issue the latter way and believed the budget item made a statement that Alaska was looking to develop its resources and the AK LNG project was one of the ways to do so. He encouraged sending that type of signal, whether it was in the current budget or in the near future through actions in the House or Senate. He stressed the importance of sending the message that Alaska was open for business. He stated it had been his hope in seeing the intent language remain in the budget.

[5:13:55 PM](#)

Representative LeBon WITHDREW his OBJECTION.

There being NO OBJECTION, items 1, 9, and 10 within the Fund Capitalization FY 22 operating budget were ADOPTED.

Chair Foster moved to items in the FY 21 supplemental budget.

^FY 21 SUPPLEMENTAL BUDGET: DEPARTMENT OF ENVIRONMENTAL CONSERVATION

[5:14:17 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following within the Department of Environmental Conservation FY 21 supplemental budget:

Item 2 House Modify, to Read:

"It is the intent of the legislature that the Department of Environmental Conservation submit recommendations on how to reduce the cost of shellfish testing for both the industry and the State, to the Legislative Finance Division and Finance Committee Co-Chairs by December 1, 2021."

There being NO OBJECTION, item 2 within the Department of Environmental Conservation FY 21 supplemental budget was ADOPTED.

^FY 21 SUPPLEMENTAL BUDGET: DEPARTMENT OF LAW

[5:15:08 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following within the Department of Law FY 21 supplemental budget:

Item 1 Senate Modify, to read:

"It is the intent of the legislature that no funds be used from this appropriation for any actions that may erode existing federal or state subsistence rights or any actions relating to the interpretation of Janus v. AFSCME."

There being NO OBJECTION, item 1 within the Department of Law FY 21 supplemental budget was ADOPTED.

Chair Foster indicated the committee had finished the agenda for the day.

Vice-Chair Stedman MOVED to ADJOURN. There being NO OBJECTION, it was so ordered.

ADJOURNMENT

[5:16:16 PM](#)

The meeting was adjourned at 5:16 p.m.