

SENATE FINANCE COMMITTEE
February 4, 2022
9:01 a.m.

9:01:21 AM

CALL TO ORDER

Co-Chair Bishop called the Senate Finance Committee meeting to order at 9:01 a.m.

MEMBERS PRESENT

Senator Click Bishop, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Lyman Hoffman
Senator Donny Olson
Senator Natasha von Imhof
Senator Bill Wielechowski
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

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

PRESENT VIA TELECONFERENCE

Sylvan Robb, Deputy Commissioner, Department of Health and Social Services, Juneau.

SUMMARY

SB 164 APPROP: CAP; REAPPROP; SUPP

SB 164 was HEARD and HELD in committee for further consideration.

SENATE BILL NO. 164

"An Act making appropriations, including capital appropriations, reappropriations, and other

appropriations; making supplemental appropriations; and providing for an effective date."

[9:02:29 AM](#)

NEIL STEININGER, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, discussed the presentation, "State of Alaska; Office of Management and Budget; Capital Budget SB164; Senate Finance Committee; February 4, 2022" (copy on file). He addressed slide 2, "FY2023 Capital Budget and Supplemental Overview."

Co-Chair Bishop wondered whether the long trail project was included in the supplemental requests.

Mr. Steininger replied in the negative, and stated that the project was a fire hall in Kodiak.

Co-Chair Bishop wondered whether the \$50 million sweep on the annual true-up was included in the requests for the Department of Transportation and Public Facilities (DOT).

Mr. Steininger replied that DOT generally had more federal authority in order to accommodate for projects.

[9:06:14 AM](#)

Mr. Steininger pointed to slide 3, "Federal Infrastructure Bill (BIL/IIJA)":

- Enacted November 15, 2021
- 5-year reauthorization of established federal programs and new programs
- New program details still pending
- Some program funding appropriated in the bill, others awaiting an FFY22 budget
- State/Local priority projects largely ineligible for funding
- Federal infrastructure spending established by federal agencies, not Alaska
- Much less discretionary than recent stimulus: CARES, CRRSA, ARP
 - No project "earmarks"
- Funding flows by formula (apportionment or allocation) or grants (competitive and discretionary)
 - Approximately 60 percent by formula and 40 percent in grants on a national basis

- Congress currently under FFY21 Continuing Resolution
 - Final FFY22 funding levels for many established program still uncertain
 - Restriction on "new program starts"

Co-Chair Stedman queried the statutory deadline for amendments.

Mr. Steininger replied that the statutory deadline was the thirtieth day of session, so there would be a packet of amendments by that thirtieth day.

Co-Chair Bishop felt that there may be work required associated with the thirty day "hard stop."

Co-Chair Stedman requested an outline or status to synchronize the operating budget and capital budget flow.

Mr. Steininger replied that Mr. Baker could present on the information about the infrastructure bill.

[9:10:08 AM](#)

Mr. Steininger pointed to slide 4, "Capital Budget Five Year Overview FY2019 - FY2023." He stated that the slide included the current proposals.

Co-Chair Stedman requested a breakdown of the sources of many of the project requests.

Mr. Steininger agreed to provide that information, and stated that the capital budgets that were enacted in FY 22 were primarily proposed by the administration.

Co-Chair Bishop noted that there were some supplemental requests that were originally vetoed by the governor.

Mr. Steininger agreed.

Co-Chair Stedman recalled that many of the projects in the previous year's bond package were included on the budget, but the legislature merely changed the funding source.

[9:15:26 AM](#)

Mr. Steininger addressed slide 4, "Capital Budget History FY2013 - FY2023."

Mr. Steininger looked at slide 5, "FY2023 Capital Budget Snapshot."

Mr. Steininger discussed slide 7, "FY2023 Projects by Department":

Commerce, Community and Economic Development

1. Alaska Energy Authority -Electrical Emergencies Program \$200.0 UGF
2. Community Block Grants \$6,315.0 (\$6,250.0 Fed, \$65.0 GF Match)
3. National Petroleum Reserve -Alaska Impact Grant Program \$13,800.0 Fed
4. Inter-Island Ferry Authority \$250.0 UGF
5. Alaska Energy Authority -Bulk Fuel Upgrades \$13,000.0 (\$7,500.0 Fed, \$5,500.0 GF Match)
6. Alaska Energy Authority -Rural Power Systems Upgrades \$20,000.0 (\$10,000 Fed, \$10,000.0 DGF - PCE)
7. Alaska Energy Authority -Round XIV Renewable Energy Project Grants (AS 42.45.045) \$15,000.0 DGF

Co-Chair Bishop remarked that there was a \$1 billion in bulk fuel upgrades, so there was a high need in rural Alaska.

Co-Chair Stedman stressed that there was a substantial list of school deferred maintenance.

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Senator Hoffman remarked that the money spent on deferred maintenance would extend the life of the schools, which would push the timeline of a new constructed facility out for several years. Therefore, the dollars spent on school deferred maintenance was one of the best investments in the state.

Mr. Steininger continued with slide 7:

8. Alaska Travel Industry Association \$5,000.0 Fed - CSLFRF
9. Alaska Energy Authority -Volkswagen Settlement \$400.0 SDPR

10. Named Recipient Grant -Voice of the Arctic Inupiat
\$1,000.0 UGF

Senator Hoffman wondered whether the administration had given attention to advertising of salmon through Alaska Seafood Marketing Institute (ASMI) along with the funding for the Alaska Travel Industry Association (ATIA).

Mr. Steininger replied that ASMI would get some discretionary COVID relief money.

Senator Hoffman wondered whether the funding level would be the same as the \$5 million to ATIA.

Mr. Steininger replied that ASMI had received a \$7 million distribution, but stated that he would provide a total number distributed to ASMI through the course of the pandemic.

Co-Chair Stedman stressed that ASMI needed to be examined because the monumental shift, so they may need more assistance.

[9:25:50 AM](#)

Co-Chair Bishop queried the status of the \$5 million interisland ferry grant from the prior year.

Mr. Steininger agreed to provide that information.

Senator Olson queried the effectiveness of the grant for the "Voice of the Arctic."

Mr. Steininger replied that it was a continuation of a grant from the previous year. He stated that the program had done coordination work with other state agencies on state's rights issues in the Arctic Region. He agreed to provide a status report on the program.

Senator Olson understood that the program was intended to open more federal lands.

Mr. Steininger looked at slide 8, "FY2023 Projects by Department":

Commerce, Community and Economic Development

11.City of Palmer Wastewater Treatment Plant Improvements -Phase II \$6,900.0 Fed -CSLFRF

12.Economic Recovery Mariculture Incentive Grant Program \$25,000.0 Fed -CSLFRF

Environmental Conservation

1.Drinking Water Capitalization Grant Subsidy \$2,900.0 Other (Drinking Water Fund)

2.Clean Water Capitalization Grant Subsidy \$1,000.0 Other (Clean Water Loan Fund)

3.Village Safe Water and Wastewater Infrastructure Projects: First Time Service Projects \$43,350.0 (\$11,700.0 GF Match, \$300.0 Other -SDPR, \$31,350.0 Fed)

4.Village Safe Water and Wastewater Infrastructure Projects: Expansion, Upgrade, and Replacement of Existing Service \$28,900.0(\$7,800.0 Other -AHFC Bonds, \$200.0 Other -SDPR, \$20,900.0 Fed)

Co-Chair Bishop wondered whether would be a 40 percent increase.

Mr. Steininger replied that the 40 percent increase was inconsistent.

[9:30:21 AM](#)

Co-Chair Stedman remarked that many cities were out of compliance with their wastewater treatment, and stressed that there needed to be a solution to assist the communities with that issue.

Senator Olson agreed that there were needed water and wastewater assistance in communities.

Senator Hoffman requested a list of the communities that were still on a honeybucket system.

[9:35:34 AM](#)

Co-Chair Bishop remarked that there was a ranking list to determine the severity of the issues in the communities.

Senator Wilson remarked that the Matsu did not have enough wastewater facilities in their area, so therefore they overburdened Anchorage.

Co-Chair Bishop stressed that there were needs across the state.

Mr. Steininger discussed slide 9, "FY2023 Projects by Department":

Environmental Conservation

5.Fairbanks PM2.5 Nonattainment Area Voluntary Heating Device Change Out Program \$5,684.8 Fed

6.EVOS Impaired Beaches Project \$658.4 Other - Exxon Valdez Oil Spill Trust -Civil

Family and Community Services

1.MH: Deferred Maintenance and Accessibility Improvements \$500.0 (\$250.0 GF/MH, \$250.0 MHTAAR)

2.Reappropriate Capital Projects from Department Health and Social Services to Department of Family and Community Service

Mr. Steininger looked at slide 10, "FY2023 Projects by Department":

Fish and Game

1.Sport Fish Recreational Boating and Angler Access \$3,000.0 (\$2,250.0 Fed, \$750.0 Fish and Game Fund)

2.Pacific Coastal Salmon Recovery Fund \$4,400.0 Fed

3.Facilities, Vessels, and Aircraft Maintenance, Repair, and Upgrades \$500.0 UGF

4.Endangered Species Act \$4,000.0 (\$1,750 Fed, \$2,000.0 UGF, \$250.0 SDPR)

5.Pacific Salmon Treaty Chinook Fishery Mitigation \$6,400.0 Fed

6.EVOS Kenai Peninsula Cost Share \$400.0 Other - Exxon Valdez Oil Spill Trust -Civil

7.EVOS Prince William Sound Pollock and Herring Interaction \$4,129.3 Other -Exxon Valdez Oil Spill Trust -Civil

8.EVOS Mariculture -Marine Mammals \$1,660.0 Other -Exxon Valdez Oil Spill Trust -Civil

9.Proceeds of Sale of State-owned Vessels and Aircrafts \$150.0 DGF

10.EVOS Gulf Watch Alaska Herring Research and Monitoring \$1,908.3 Other -Exxon Valdez Oil Spill Trust -Civil

Co-Chair Bishop wondered whether the maintenance costs would be included in the budget.

Mr. Steininger replied in the affirmative, and stated that there would be a revenue and expenditure included in the capital budget.

[9:39:32 AM](#)

Senator Hoffman felt that some of the issues facing the fisheries should be considered in capital line items. He did not think that the F&G project list reflected a need to protect Chinook salmon. He thought that there should be more state "skin in the game" for salmon.

Co-Chair Bishop agreed with Senator Hoffman. He noted that there was no representative from the Department of Fish and Game (DFD) to speak to the matter.

Senator Olson said that the biggest issue was the threat of repercussions from law enforcement after subsistence fishermen from fishing.

Co-Chair Bishop hoped for a response from the department going forward.

[9:45:27 AM](#)

Mr. Steininger addressed slide 11, "FY2023 Projects by Department":

Governor

1. Statewide Deferred Maintenance, Renovation, and Repair \$23,880.0 DGF (Capital Income Fund)

Health

1. MH: Home Modification and Upgrades to Retain Housing \$1,150.0 (\$1,050.0 DGF -MH Trust Reserve, \$100.0 Other -MH Trust Authority)
2. MH: Essential Program Equipment \$600.0 (\$300.0 DGF -MH Trust Reserve, \$300.0 Other -MH Trust Authority)
3. Emergency Medical Services Match for Code Blue Project \$500.0 GF Match
4. MH: Assistive Technology \$500.0 DGF -MH Trust Reserve

5. Reappropriate Capital Projects from Department of Health and Social Services to Department of Health
6. Reappropriate Capital Projects from Office of the Governor to Department of Health

Senator Wielechowski wondered why the \$23.8 million for deferred maintenance was in the Office of the Governor and not DOT.

Mr. Steininger said that statewide deferred maintenance was in one appropriation under the gov budget to allow for distribution across facilities by different agencies. It was in the office of the gov because there was no one state agency that needed the request. He believed a meeting had been scheduled to discuss the priority process

Senator Wielechowski understood that putting it in the gov office eliminated "turf fights" over money.

Mr. Steininger replied in the affirmative.

Senator Wielechowski thought there were pros and cons to the plan. He asked for a listing of where the funds had been spent since 2018.

[9:51:14 AM](#)

Co-Chair Stedman asked for a look into the past few years so that trends could be seen and the history understood. He thought that how DOT was funded in FY22 should be looked at for allocation of federal funds for full transparency.

Senator Wilson asked whether the system OMB currently operated was part of a new software package.

Mr. Steininger replied that the new management system was not fully operational and OMB was relying on self-reporting from agencies. He hoped the new technology would supply more hard data.

Senator Wilson asked about items 5 and 6 under Health.

Mr. Steininger said that a list could be provided.

Senator Hoffman felt that there was not a place for the legislature to speak to its priorities for districts. He

spoke of ways that the legislature had dealt with deferred maintenance in the past. He understood why the governor would house the entire appropriation in his budget but he was concerned that it could affect legislature's ability to prioritize deferred maintenance issues in their communities.

[9:58:54 AM](#)

Mr. Steininger said that the hope was for mediation in the discussion about the prioritization.

Senator Hoffman stressed that a new governor may not use the same approach.

Co-Chair Stedman felt that there be an examination of the determination of the deferred maintenance details and the history of the budgets.

[10:05:36 AM](#)

Senator Olson expressed concern about the general mistrust of the administration.

Co-Chair Bishop stressed that there needed to be work with the administration to solve the issue of deferred maintenance.

[10:10:27 AM](#)

Mr. Steininger discussed slide 12, "FY2023 Projects by Department":

Health

7.Division of Public Assistance E-forms and Online Noticing \$8,000.0 (\$4,000.0 Fed, \$4,000.0 CSLFRF)

8.Division of Public Assistance Eligibility System Replacement \$23,500.0 (\$18,800.0 Fed, \$4,700.0 CSLFRF)

9.Health Record Infrastructure Improvements - Coronavirus Capital Projects Fund\$30,000.0 COVID Fed

Military and Veterans Affairs

1.State Homeland Security Grant Programs \$9,000.0 Fed

2.DMVA Deferred Maintenance, Replacement, and
Renewal \$12,000.0 Fed

Senator Wielechowski asked about the phrase, "the ability to readily share health records enables workers and employers to implement vaccine and testing requirements."

Mr. Steininger deferred to Ms. Robb for more information.

Senator Wilson stressed that he also wanted information about health exchange services.

[10:14:36 AM](#)

SYLVAN ROBB, DEPUTY COMMISSIONER, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, JUNEAU (via teleconference), explained that there was work currently underway to meet the requirements for funds for the Coronavirus capital funding. She explained the requirements for use of that fund.

Senator Wilson stated that he would follow up on the reason for the \$30 million price tag.

Senator Wielechowski wanted to know the exact functioning of the program.

Ms. Robb replied that people would on be able to access health information. The program was to connect all the electronic health systems in the state.

Senator Wielechowski stated that the intention of the program as listed was the opposite of Ms. Robb's explanation.

Ms. Robb replied that people have the ability to have the ability to access their own health records.

Senator Wilson felt like the justification of COVID funds was being used to fund an old program.

Mr. Steininger replied that there was an effort to find existing projects that would meet the requirements.

[10:21:08 AM](#)

AT EASE

[10:22:02 AM](#)

RECONVENED

Co-Chair Bishop discussed committee business.

SB 164 was HEARD and HELD in committee for further consideration.

ADJOURNMENT

10:22:58 AM

The meeting was adjourned at 10:22 a.m.