

SENATE FINANCE COMMITTEE
February 17, 2022
9:03 a.m.

[9:03:15 AM](#)

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:03 a.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Senator Natasha von Imhof

ALSO PRESENT

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

PRESENT VIA TELECONFERENCE

Kim Guay, Director, Office of Children's Services, Anchorage; Sylvan Robb, Assistant Commissioner, Department of Health and Social Services; David LePain, Petroleum Geologist, Div. of Geological and Geophysical Surveys, Department of Natural Resources.

SUMMARY

^PRESENTATION: GOVERNOR'S FY23 BUDGET AMENDMENTS

[9:03:41 AM](#)

Co-Chair Stedman relayed that the committee would consider the governor's budget amendments as presented by the director of the Office of Management and Budget (OMB).

[9:04:41 AM](#)

NEIL STEININGER, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, explained that he would be following the spreadsheet that listed out the individual amendments (copy on file). He shared that he would be citing primarily the right-hand side of the spreadsheet and noted that the left-hand side offered the page number in the backup packet that could be located on the OMB website, as well as the section, page, and line within the given appropriation bill.

Co-Chair Stedman asked Mr. Steininger to review an entire page, and then wait for questions at the conclusion of each page.

[9:06:11 AM](#)

Mr. Steininger addressed the FY 23 Operating Governor Amended" spreadsheet (copy on file). He spoke to Item 1:

Department: Administration (2)
RDU: Centralized Admin. Services (13)
Component: Retirement and Benefits (64)
Description: Increase Capabilities of the Social Security Program to Explore Alaska Teachers Participation: This funding will allow program staff to travel around the State to provide guidance to employers, deliver outreach and education to those interested in entering Social Security / Medicare programs, and allow for voting at the employer or possibly the statewide level for entrance into the Social Security system.
Other Funds: \$75.0

Co-Chair Stedman asked for further explanation.

Mr. Steininger relayed that currently Alaska teachers did not pay into Social Security nor the alternative to social security, SBS. The item was funding within the Department of Administration Division of retirement and Benefits for outreach to ensure that people understood that they could opt into the social security system.

[9:07:24 AM](#)

Senator Olson asked where the "other funds" were from.

Mr. Steininger replied that the funds were retirement system funds.

Co-Chair Stedman clarified that the Teacher's Retirement System (TRS) opted out of Social Security many years ago. It was possible for teachers to opt-in to the program if requested.

Co-Chair Stedman noted that the committee would hear an update on the Public Employees' Retirement System (PERS) and TRS systems the following day.

[9:08:32 AM](#)

Mr. Steininger addressed Item 2:

Department: Multiple
RDU: Multiple
Component: Multiple
Description: FY2023 LTC Salary and Benefit Adjustment:
FY2023 Labor, Trades, and Crafts LTC (LL)
UGF: \$1,593.6
DGF: \$547.2
Other Funds: \$2,649.3
Federal Funds: \$243.1
Total: \$5,033.2

[9:08:59 AM](#)

Co-Chair Bishop asked Mr. Steininger to go into more detail on Item 2. He asked what the total funds were for, and whether the proposal was for an annual increase or other.

Mr. Steininger agreed to provide the monetary terms sheet that would break down the cost-of-living adjustment (COLA) and other details. He noted that the negotiation was a recent one.

Co-Chair Stedman assumed that it had not been included in the original budget proposed by the governor.

Mr. Steininger explained that the administration tried to incorporate any union negotiations that happened prior to Dec 15th in the original budget submission, but often those negotiations went on after that date. He recalled that the statutory deadline was day 45 or day 60 of the legislative session.

[9:10:22 AM](#)

Mr. Steininger addressed Item 3:

Department: Commerce (8)
RDU: Corp, Bus & Prof Licenses (117)
Component: Corp, Bus & Prof Licensing (2360)
Description: Amend Revenue Replacement for
Professional License Fee Freeze for FY2023: The
professional licensing fee replacement of \$1.5 million
in Gov was an estimate and can be reduced based on
more recent information.
UGF: (\$400.0)

[9:11:05 AM](#)

Senator Wilson asked about the impact and investigative cost for license holders.

Mr. Steininger stated that the investigative cost was included in the licensee fees. He furthered that the administration was trying to ensure it did not have to raise the license costs by funding some division activities with UGF funds.

Senator Wilson thought that investigations were ongoing. He had understood that the licensees were supposed to pay the expenses and not the state.

Mr. Steininger stated that the goal was to have a self-supporting system, and the administration was working with the division to achieve better understanding as to what was driving up the fees, to avoid UGF spend in future years. He mentioned the importance of investigations for the health of the licensing programs. He deferred further explanation to the division.

[9:13:24 AM](#)

Mr. Steininger addressed Item 4:

Department: Commerce (8)
RDU: Alaska Seafood Marketing Inst (126)
Component: Alaska Seafood Marketing Inst (393)
Description: Correct Trade Promotion Funding from
CSLFRF: Correction to move from numbers to language
section.

Federal Funds: (\$7,000.0)

[9:13:51 AM](#)

Senator Wilson asked about the intention of the \$7 million.

Mr. Steininger explained that there had been a \$7 million in American Rescue Plan Act (ARPA) funding that was appropriated to Alaska Seafood Marketing Institute (ASMI) in the FY 22 budget. There had been language for a technical transaction that would reverse the item out of the budget, which had been put in the wrong place in the budget system. He said that the \$7 million had been used by ASMI to support activities in seafood marketing.

[9:14:45 AM](#)

Mr. Steininger spoke to Item 5:

Department: Corrections
RDU: Population Management (550)
Component: Impacts multiple Population Management components in Sec. 1
Description: FY2023 Correctional Officers Salary Adjustment: FY2023 Correctional Officers 2% COLA
UGF: \$4,434.0
DGF: \$25.9
Federal Funds: \$313.7
Total: \$4,773.6

[9:15:08 AM](#)

Mr. Steininger addressed Item 6:

Department: Corrections (20)
RDU: Population Management (550)
Component: Pt. Mackenzie, Yukon-Kuskokwim, Ketchikan, Fairbanks, Lemon Creek, Mat-Su
Description: Add Institutional Support Positions and Authority Due to Booking and Property Staffing: Adjustment from FY2023 Gov to update description.

Mr. Steininger noted that the detail had been provided due to questions that had arisen in the other body.

[9:15:55 AM](#)

Senator Wilson asked for an estimated cost savings of the overtime if the positions were filled.

Mr. Steininger relayed that the cost savings were effectively offset by the salaries of the new hires. He said there was not a net cost savings to fill the positions. He noted that the savings could be realized in retention and addressing staff burnout.

Senator Wilson thought some of the positions were for a new booking unit that was already being built before the item was approved. He asked how the administration would find funding for the project if it was not approved by the legislature.

Mr. Steininger shared that the item was a capital budget request and agreed that the funding had yet to be approved. He said that if the request were rejected by the legislature, the department would lose some operational benefits including safety of the staff and inmates. He thought that the Department of Corrections could offer further insight.

Co-Chair Stedman noted that Senator Wilson oversaw the subcommittee for DOC.

[9:18:29 AM](#)

Mr. Steininger addressed Item 7:

Department: Education (5)
RDU: Education Support and Admin Services (677)
Component: Student and School Achievement
Description: Correct Alaska Technical and Vocational Education Program Funding: Additional TVEP funding is available and required to be distributed per Statute.
DGF: \$6.4

[9:19:06 AM](#)

Mr. Steininger addressed Item 8:

Department: Environ Conservation (18)
RDU: Administration (202)
Component: Admin Services (635)
Description: Exxon Valdez Oil Spill Trustee Council Administration: DEC requires EVOSS authority to cover

the Department's cost to administer, including accounting and procurement support. During Gov ADFG cut the funding instead of transferring it to DEC.
Other Funds: \$200.0

[9:19:37 AM](#)

Mr. Steininger spoke to Item 9:

Department: Environ Conservation (18)
RDU: DEC Bldgs Maint & Operations (531)
Component: DEC Bldgs Maint & Operations (2783)
Description: Operational Costs of the Environmental Health Laboratory: A recent project to reduce overall energy costs is in the final stages, but the projected cost savings were based on utility rates at a point in time.
Federal Funds: \$125.0

Co-Chair Stedman asked why the anticipated costs had not been included in the original budget request from the governor.

Mr. Steininger explained that the additional costs for the lab had been a supplemental request from FY 21 and FY 22. Initially it was thought to be a temporary increase in costs, but after the departments supplemental request had been investigated it had become clear that the cost would be ongoing.

[9:20:56 AM](#)

Senator Wilson recalled that typically the item was funded through UGF. He wondered what had changed to switch the funding source to Federal Funds.

Mr. Steininger explained that when it became clear that the costs would be ongoing, the administration and the department had explored various funding methods and had decided to use the federal indirect rate that the department collected from various federal programs, which was eligible to be used for these costs.

[9:21:45 AM](#)

Mr. Steininger spoke to Item 10:

Department: Environ Conservation (18)
RDU: Spill Prevention and Response (208)
Component: Spill Prevention and Response (3094)
Description: Replace Authority Unavailable due to
Alaska Constitution Article IX Section 17(d):
Adjustment to ensure full program funding post CBR
sweep.
UGF: 43.0
DGF: (43.0)

Senator Wilson thought that if the Spill Prevention and Response (SPAR) funding had been kept in the CBR, the funds would be exhausted within 4 years. He wondered whether the administration had a plan to raise revenue to offset the program's deficit in the out years.

Mr. Steininger agreed to speak briefly on the matter but ultimately deferred to the department. He said that the department had attempted to make reductions to the program because prior to the issues related to the CBR sweep, the program had been operating at a deficit and had drawn down savings.

Senator Wilson asked whether there were any issues with not having the funds in any particular account and having the fuel tax funds go directly into the UGF.

Mr. Steininger thought the item was one of the "odder" problems caused by the sweep. He mentioned that the SPAR funds sat in a holding account in the General Fund to be appropriated the following year. He said that the holding account was swept. He considered that the structure of the flow of money should be investigated. He said that the governor's budget request had focused on fixing the problem for this year and not for the long-term.

[9:25:14 AM](#)

Senator Wilson asked whether there was any legal risk or risk of litigation for the SPAR account or any other accounts that were part of the sweep.

Mr. Steininger deferred to the Department of Law.

Co-Chair Stedman interjected litigation was expected. He shared that there was an audit currently in progress, and

he expected significant problems related to the audited financial statements.

[9:26:25 AM](#)

Co-Chair Bishop thought he had heard Mr. Steininger reference 5 cents per gallon that went to the SPAR fund.

Mr. Steininger clarified that he would get the exact numbers for the committee.

Co-Chair Stedman announced that once the audited information was available to the public the committee would walk through the accounts that should have been swept. He said time would be spent on the SPAR account.

[9:27:53 AM](#)

Mr. Steininger addressed Item 11:

Department: Family & Community Services (26)
RDU: Children's Services (486)
Component: Front Line Social Workers (3318)
Description: Workforce Stabilization Bonuses for New and Existing Staff: Retention bonuses are recommended to stabilize existing staff, entice new staff, and provide for a cash bonus at the completion of the first and second years of employment.
UGF: \$2,227.3
Federal Funds: \$1,252.8
Total: \$3,480.1

[9:28:37 AM](#)

Mr. Steininger spoke to Item 12:

Department: Family & Community Services (26)
RDU: Children's Services (486)
Component: Front Line Social Workers (3318)
Description: Manage Secondary Traumatic Stress for Child Welfare Workers Initiative: Critical incident stress debriefing provides supportive crisis intervention following powerful traumatic events. A Mental Health Clinician will build a critical incident debriefing program aimed to reduce distress and restore workforce performance.
UGF: \$169.7

Co-Chair Stedman asked why the item was not in the governor's original budget submission.

Mr. Steininger explained that the issue was being worked on during the timeframe that the budget was being finalized and was not ready in time to be included in the budget proposal.

[9:30:03 AM](#)

Mr. Steininger spoke to Item 13:

Department: Family & Community Services (26)
RDU: Children's Services (486)
Component: Front Line Social Workers (3318)
Description: Add Four Long-Term Non-Permanent Protective Services Specialist 4: To ensure consistent frontline supervision needs are met in all Office of Children's Services locations, a new long-term non-permanent supervisory unit will ensure consistent supervision for new and tenured staff.
UGF: \$620.0
Federal Funds: \$292.0
Total: \$912.0

[9:30:32 AM](#)

Mr. Steininger spoke to Item 14:

Department: Family & Community Services (26)
RDU: Children's Services (486) Front
Component: Front Line Social Workers (3318)
Description: Field Training Compensation Program: Tenured Protective Services Specialist staff will provide support for new case workers for the entire first year of employment by providing structured field training in addition to carrying a caseload.
UGF: \$375.8
Federal Funds: \$211.4
Total: \$587.2

[9:30:48 AM](#)

Mr. Steininger reviewed Item 15:

Department: Family & Community Services (26)
RDU: Children's Services (486)

Component: Front Line Social Workers (3318)
Description: Expand Support Positions to Broaden Centralized Services and Field Support Services: Twenty-six positions will ensure appropriate Social Services Associate and administrative staff ratios to caseworkers, along with staff to support and train co-signers of the Alaska Tribal Child Welfare Compact.
UGF: \$1,834.0
Federal Funds: \$1,017.0
Total: \$2,851.0

Senator Wilson observed that the item also supported the Alaska Tribal Child Welfare Compact. He asked if the request was in addition to the \$1 million already requested in the budget.

Mr. Steininger responded that that the amount in the original budget proposal was the grant that went to the Tribal providers. The supplemental requested funds were for staff at OCS to increase the number of child welfare workers and help make the compact relationship successful. He deferred to OCS for further explanation.

Senator Wilson considered Items 13 through 16 and wondered how HB 151 [HB 151 passed during the 2018 legislative session] had impacted the work of the division.

[9:32:50 AM](#)

KIM GUAY, DIRECTOR, OFFICE OF CHILDRENS SERVICES, ANCHORAGE (via teleconference), explained that the bill had allowed caseloads to be capped. She said that the line item was for support staff for front line workers, which were leaving their posts at unprecedented rates because the benefits of HB 151 had yet to be realized within OCS. She said that the funds would allow for front line workers to spend more time working directly with children and families. She spoke to the compact and said that positions had been identified to get the information to compacted Tribal partners.

Senator Wilson thought HB 151 also had a retention and recruitment report requirement that would aid in understanding the reasons behind the staff turnover. He asked what the other positions would support if only 4 were working with the Tribal compact.

Ms. Guay replied that the positions would be spread across the state to help line staff coordinate family contact, as well as helping with paperwork. She said some of the staff would provide administrative support. She said that HB 151 capped cases for workers but that people on the job longer than 6 months carried extremely high caseloads which led to employee burnout.

[9:35:54 AM](#)

Senator Wilson understood that the department had projected with the passage of HB 151 the backlog would be caught up with by August 2020. He wondered what had happened between 2020 and 2022 that stalled the work on the backlog.

Ms. Guay explained that when the pandemic started there had been a massive drop in OCS calls because mandatory reporters were not interacting with children. Since that time the call volume had increased. She shared that there were 3,000 children in care, and she said that children were coming in with more complex needs than had been seen in the past.

[9:38:00 AM](#)

Mr. Steininger addressed Item 16:

Department: Family & Community Services (26)
RDU: Children's Services (486)
Component: Family Preservation (3312)
Description: Vocational Opportunities for Older Youth:
The Office of Children's Services is committed to supporting youth aging out of foster care while they participate in vocational or career training programs. Increased financial support for accredited and non-accredited programs as well as housing support will improve outcomes for Alaskan youth.
UGF: \$100.0

Co-Chair Bishop suggested that the department reach out to the Department of Labor and Workforce Development to leverage funds with federal funds for vocational education.

[9:38:53 AM](#)

Mr. Steininger spoke to Item 17:

Department: Family & Community Services (26)
RDU: Children's Services (486)
Component: Family Preservation (3312)
Description: Alaska Impact Alliance - Support and Evidenced Based Program Development: The Alaska Impact Alliance promotes community-based action planning through the development of local prevention programming to include evidence based, culturally relevant programs and services with an emphasis on support to diverse populations. The alliance will continue efforts to engage communities in developing community-specific prevention programming aimed at reducing child maltreatment.
UGF: \$200.0

[9:39:09 AM](#)

Mr. Steininger addressed Item 18:

Department: Family & Community Services (26)
RDU: Children's Services (486)
Component: Foster Care Special Need (3317)
Description: Youth with Complex Trauma Placement Support: Foster care placements for complex youth is often disrupted if substantial financial support is not in place to address unique high needs of youth in care. This funding allows for appropriate compensation for foster care providers caring for complex youth necessary to secure placements and keep children in Alaska whenever possible.
UGF: \$700.0

Co-Chair Stedman asked why the item was not in the governor's original budget submission.

Mr. Steininger replied that the line item was part of an overall package to address needs at OCS and took additional time to craft.

[9:40:20 AM](#)

Mr. Steininger spoke to Item 19:

Department: Family & Community Services (26)
RDU: Children's Services (486)
Component: Foster Care Special Need (3317)

Description: Support for Foster Youth Age 18-21: The Office of Children's Services is committed to supporting successful transition into adulthood and reducing financial barriers for youth ages 18-21 that are currently in legal custody or have exited foster care at age 18. These youth will be eligible for a capped annual amount for needs such as housing, household goods, employment support, transportation, utilities, financial management or other identified needs

UGF: \$1,000.0

Co-Chair Stedman asked whether the change would be permanent.

Mr. Steininger answered "yes."

[9:40:46 AM](#)

Mr. Steininger spoke to Item 20:

Department: Family & Community Services (26)

RDU: Departmental Support Services (715)

Component: Administrative Services (3305)

Description: Add Funding for New Dept Tech Officer 2 (02-#179) and Admin Services Director (01-#003) for Family and Community Services: Necessary positions for DHSS EO

UGF: \$234.4

Federal Funds: \$156.3

Total: \$390.7

Senator Wielechowski recalled that the previous year the committee had heard from the Department of Law (LAW) and the Division of Legislative Legal that the order was unconstitutional because it made substantive legal changes through an executive order rather than through legislation. He thought the same issues continued under the new executive order and wondered why the governor had not submitted legislation.

Mr. Steininger did not believe that it was the opinion of LAW that the executive order was unconstitutional. He offered to provide a more robust response on the issue.

[9:42:24 AM](#)

Mr. Steininger addressed Item 21:

Department: Fish and Game (11)
RDU: Subsistence Research & Monitoring (270)
Component: Subsistence Research (2625)
Description: Subsistence Resources Research: The federal funding will partially support research staff in the Northern and Southern Region. Importantly, these research projects include attention to Yukon and Kuskokwim River Chinook and chum salmon populations and their importance to subsistence. Projects also include research on Arctic fisheries and provide the foundation for comprehensive subsistence survey work in Southeast, Southcentral, and Aleutian communities.
Federal Funds: \$ 550.0

Senator Hoffman thought that more needed to be done to put salmon in streams, rather than using outside sources to provide temporary a supply of fish. He stressed that salmon was an extremely important staple to the people of the area. He did not think that relying on the federal government to conduct a study was the solution to the needs of the people of the region. He believed that this food security issue needed more attention.

Senator Hoffman continued his remarks. He thought while the item was well intentioned, it fell far short of what the state should do for the people of the state. He asked that the administration revisit the issue and come up with a more meaningful solution. He hoped the administration could craft a proactive request that showed the people of the state that the issue of important.

[9:46:42 AM](#)

Senator Hoffman commented that people in rural Alaska wanted to provide for themselves and hope that the issue would be taken seriously.

[9:47:09 AM](#)

Senator Olson agreed with Senator Hoffman's remarks. He remarked that another study was not needed, and people wanted to see solutions to the problem of lower salmon returns. He thought it was evident that Department of Fish and Game (DF&G) had failed the people that depended upon

salmon for life. He thought hatcheries were an obvious solution rather than another study.

[9:48:52 AM](#)

Co-Chair Bishop concurred with Senator Hoffman's and Senator Olson's comments. He emphasized that Chinook salmon were important and noted that the Chum salmon return had been almost non-existent.

[9:49:26 AM](#)

Mr. Steininger spoke to Item 22:

Department: Health (6)
RDU: Behavioral Health
Component: BH Treatment and Recovery Grants (3099)
Description: MH Trust: Crisis Now Continuum of Care
Grants: Move this program from BH Prevention and Early Intervention Grants to Behavioral Health Treatment and Recovery Grants.
UGF: \$900.0

Mr. Steininger spoke to Item 23:

Department: Health (6)
RDU: Behavioral Health (483)
Component: Behavioral Health Administration (2665)
Description: Expand Master of Social Work Degree Program:
The Department of Health will contribute to a two-year effort to support expansion of the University of Alaska's Master of Social Work program from 35 to 85 students per year, including licensure.
UGF: \$ 200.0

Senator Wilson recalled that a few years previously the University had decreased the program. He wondered why there had been a decrease and then an increase.

Co-Chair Stedman thought the University could speak to the matter later.

Mr. Steininger deferred the rationale to the University. He noted that UA had a bit different budget process by which funding decisions were made. He cited that the DHSS was

working with outside parties to meet the specific needs of beneficiaries.

Co-Chair Stedman reminded that the supplemental request from the governor might not be included in the final budget.

[9:52:22 AM](#)

Mr. Steininger spoke to Item 24:

Department: Health (6)
RDU: Behavioral Health
Component: Behavioral Health Administration (2665)
Description: MH Trust: Crisis Now Continuum of Care
Grants: Move this program from BH Prevention and Early Intervention Grants to Behavioral Health Treatment and Recovery Grants.
UGF: (\$900.0)

Mr. Steininger addressed Item 25:

Department: Health (6)
RDU: Public Health (502)
Component: Chronic Disease Prevention and Health Promotion (2818)
Description: MH Trust: Open Beds: Open beds is a secure cloud-based platform that provides real-time treatment facility availability, two-way digital provider communication, data analytics, and clinical decision support.
Other Funds: \$ 285.0

Mr. Steininger spoke to Item 26:

Department: Labor & Workforce (7)
RDU: Commissioner and Admin Services
Component: Workforce Investment Board
Description: Correct Alaska Technical and Vocational Education Program Funding: Additional TVEP funding is available and required to be distributed per Statute.
DGF: \$ 54.7

Senator Wilson asked about Item 25, and whether the DHSS had the information on their website currently.

Mr. Steininger stated that the item had come as a recommendation from AMHTA. He thought the commissioner of DHSS could speak to the item.

[9:53:49 AM](#)

SYLVAN ROBB, ASSISTANT COMMISSIONER, DEPARTMENT OF HEALTH AND SOCIAL SERVICES (via teleconference), relayed that the program provided a real-time dashboard of availability on the website. She shared that the line item provided an additional tool in the toolbox.

Senator Wilson asked whether the department already required the open beds numbers to be posted daily on the dashboard.

Ms. Robb stated that the dashboard had existed for several years, and the funds would maintain availability.

[9:54:57 AM](#)

Mr. Steininger spoke to Item 27:

Department: Labor & Workforce (7)
RDU: Commissioner and Admin Services
Component: Workforce Investment Board
Description: Additional federal Authority for Recently Acquired Federal Grants: AWIB has recently been awarded two new federal grants: The State Apprenticeship Expansion, Equity, and Innovations (SAEEI) award for \$3,991.5 over 4 years and the Community Health Workers for Public Health Response and Resilient award for \$671.3 per year.
Federal Funds: \$ 1,669.2

Co-Chair Bishop asked how many years the expansion was expected to take.

Mr. Steininger agreed to get back to the committee with more information.

Co-Chair Bishop noted that there was a staffing shortage in the healthcare industry.

[9:56:03 AM](#)

Mr. Steininger spoke to Item 28:

Department: Labor & Workforce (7)
RDU: AVTEC (578)
Component: AVTEC (2686)
Description: Correct Alaska Technical and Vocational Education Program Funding: Additional TVEP funding is available and required to be distributed per Statute.
DGF: \$ 27.3

Mr. Steininger addressed Item 29:

Department: Natural Resources (10)
RDU: Fire Land and Water Resources (602)
Component: Geological & Geophysical Surveys (1031)
Description: Laying the Foundation for Alaska's Power Diversification: This increment will form the core of a renewable energy program within the Division of Geological & Geophysical Surveys to collect baseline data critical for geothermal, hydro-electric (in-river, tidal, and wave), and wind power generating potential throughout Alaska.
UGF: \$ 262.0

Senator Hoffman recalled a presentation on micro-nuclear power that was given in the Community and Regional Affairs Committee. He thought the state should continue to pursue the success of micro-nuclear power. He recalled that 11 years previously the legislature had funded a study on micro-nuclear, at which the presenters relayed that the state was on the cusp of a big change that would reduce energy costs by possibly as much as 90 percent.

Senator Hoffman continued his remarks. He thought the state could attempt its own demonstration project. He referenced United States Senator Lisa Murkowski, who had mentioned the topic in a joint session to the legislature. He suggested that the technology would be a big game-changer in a state with some of the highest energy costs in the nation, and lowest incomes in the nation. He thought that more funding should be added to ensure real systemic changes in the improvement of the quality of life for people in rural Alaska.

[10:00:39 AM](#)

Co-Chair Bishop asked whether the funds were in direct response to a plan the governor had put forward.

Mr. Steininger said that all the governor's plans were tied together. He commented that Senator Hoffman would see later in amendments there was significant investment with the University for micro-nuclear power.

Co-Chair Stedman noted the time.

[10:01:55 AM](#)

Mr. Steininger spoke to Item 30:

Department: Natural Resources (10)
RDU: Agriculture (603)
Component: Agricultural Development (455)
Description: Sponsor Future Farmers of America: Amend allocation between line numbers
UGF: (\$180.0)

Mr. Steininger continued to Item 31:

Department: Natural Resources (10)
RDU: Agriculture (603)
Component: Agricultural Development (455)
Description: Amended Sponsor Future Farmers of America: Amend allocation between line numbers and add 1 PCN.
UGF: \$180.0

Co-Chair Stedman asked for an estimation of how many new employees were being requested in total by the administration.

Mr. Steininger stated that the amendment package signified 30 full-time and 4 non-permanent employees.

Co-Chair Stedman asked how many were requested in the previously submitted budget proposal.

Mr. Steininger responded that he could get back to the committee with the information.

[10:03:07 AM](#)

Senator Wilson noted that the University was ending its relationship with Future Farmers of America (FFA) and asked whether the grant would be transferred to the Division of Agriculture.

Mr. Steininger replied that the change in the Division of Agriculture was in response to the University ending its partnership with FFA. The exact nature of the relationship would change since it was under new management.

Senator Wilson asked whether there would be an amendment to move the grant from the University to the Division of Agriculture.

Mr. Steininger noted that the removal of the grant was a result of the budget reductions to the University over the last several years and the money associated with the grant had already been cut.

[10:04:29 AM](#)

Mr. Steininger addressed Item 32:

Department: Public Safety
RDU: Alaska State Troopers
Component: AST Detachments
Description: Add Full Funding for New FY2021 Filled Positions: Thirty-six new positions were added to Alaska State Troopers in FY21 but funded at 75%. This increment is needed to fully fund 16 filled positions. \$460.2 is in FY23 Governor new total is \$631.
UGF: \$170.8

Mr. Steininger addressed Item 33:

Department: Public Safety
RDU: Alaska State Troopers
Component: AST Detachments
Description: Add Funding to Support Domestic Violence and Sexual Assault & Missing and Murdered Indigenous Persons:
Description change only.

Mr. Steininger spoke to Item 34:

Department: Public Safety (12)
RDU: Alaska State Troopers (160)
Component: Alaska Bureau of Investigation (2744)
Description: Fund Change for State Homeland Security Program Award: Fund change from FY23 Gov because it is for a capital project. (I/A to CIP)

Mr. Steininger spoke to Item 35:

Department: Public Safety
RDU: Alaska State Troopers
Component: Alaska Wildlife Troopers Aircraft Section
(492)
Description: Add Positions to Increase Staffing and
Operational Capacity within the Aircraft Section:
Adjustment from FY2023 Gov to update description.

Mr. Steininger addressed Item 36:

Department: Revenue (4)
RDU: Agency Unallocated (627)
Component: Unallocated Rates Adjustment (3370)
Description: Reverse FY2023 Office of Information
Technology Mainframe Change: Correct a rate reduction
that was made in both FY22 and FY23 Gov.
UGF: \$ 259.9
DGF: \$ 1.7
Federal Funds: \$ 590.9
Total: \$852.5

[10:06:10 AM](#)

Senator Hoffman brought up that the United States Attorney General had expressed outrage with the lack of law enforcement and staffing support in rural Alaska. He appreciated the governor putting in additional support positions in rural Alaska, and he hoped the focus would continue. He considered that the overall budget the governor had presented was an overall step forward to address the lack of enforcement in rural Alaska.

[10:07:38 AM](#)

Mr. Steininger spoke to Items 37 - 42:

Department: Transportation (25)
RDU: Highways, Aviation and Facilities (408)
Component: Central Highways and Aviation (564)
Description: Maintenance and Operations Funding for
Silvertip Maintenance Station: This FY22 item should
have been added in FY23 as well to continue to use
federal relief to cover these costs.
Federal Funds: \$620.0

Department: Transportation (25)
RDU: Highways, Aviation and Facilities (408)
Component: Central Highways and Aviation (564)
Description: FY2023 Labor, Trades, and Crafts Salary and Benefit Adjustments: FY2023 Labor, Trades, and Crafts 3.25% COLA.
UGF: \$263.0
Federal Funds: (\$263.0)

Department: Transportation (25)
RDU: Highways, Aviation and Facilities (408)
Component: Northern Highways & Aviation (2068)
Description: Funding for Dalton District Shift Change - Two Weeks On/Two Weeks Off: This FY22 item should have been added in FY23 as well to continue to use federal relief to cover these costs.
Federal Funds: \$1,298.6

Department: Transportation (25)
RDU: Highways, Aviation and Facilities (408)
Component: Northern Highways & Aviation (2068)
Description: Maintenance and Operations Funding for Chitina and Birch Lake Maintenance Stations: This FY22 item should have been added in FY23 as well to continue to use federal relief to cover these costs.
Federal Funds: \$794.6

Department: Transportation (25)
Northern Highways
& Aviation (2068)
RDU: Highways, Aviation and Facilities (408)
Component: Northern Highways & Aviation (2068)
Description: FY2023 Labor, Trades, and Crafts Salary and Benefit Adjustments: FY2023 Labor, Trades, and Crafts 3.25% COLA.
UGF: \$ 494.8
Federal Funds: (\$494.8)

Department: Transportation (25)
RDU: Highways, Aviation and Facilities (408)
Component: Southcoast Highways and Aviation (603)
Description: FY2023 Labor, Trades, and Crafts Salary and Benefit Adjustments: FY2023 Labor, Trades, and Crafts 3.25% COLA.
UGF: \$56.9
Federal Funds: (\$56.9)

Co-Chair Bishop commented that the maintenance stations were important to his district. He whether the state would use UGF or federal funds in the future. He referenced the Dalton Highway shift change and the struggle for Department of Transportation and Public Facilities (DOT&PF) to fill unfilled positions. He expressed staffing concerns and pay parity within the department.

[10:09:51 AM](#)

Mr. Steininger spoke to Item 43:

Department: Transportation (25)
RDU: Agency Unallocated (724)
Component: Unallocated Rates Adjustment (3371)
Description: Correct FY2023 Rate Changes Fund Source:
Correct rate adjustment fund source from DGF to Other

Mr. Steininger addressed Item 44:

Department: University of Alaska (45)
RDU: Budget Reductions/Additions (233)
Component: Systemwide Reduction/Additions (1296)
Description: Correct Alaska Technical and Vocational
Education Program Funding: Additional TVEP funding is
available and required to be distributed per Statute.

Mr. Steininger noted Item 45:

Department: Judiciary
RDU: Judiciary Unallocated
Component: Unallocated Rates Adjustment
Description: Replace Rate Adjustment Unrealizable Fund
Sources: Courts request a change on rate adjustments
non-UGF fund sources to UGF.
UGF: \$1.1
DGF: (\$0.2)
Other Funds: (\$0.6)
Federal Funds: (\$0.3)

[10:10:20 AM](#)

Mr. Steininger noted Item 46:

Department: Commerce (8)
RDU: Alaska Seafood Marketing Inst (126)
Component: Alaska Seafood Marketing Inst (393)

Description: Correct Trade Promotion Funding from CSLFRF: Correction to move from numbers to language section.

Mr. Steininger addressed the spreadsheet "FY2022 Supplemental Governor Amended" (copy on file).

Mr. Steininger spoke to the Operating Budget items on the chart.

Mr. Steininger addressed Item 7:

Department: Commerce (8)
RDU: Alaska Seafood Marketing Inst
Component: Alaska Seafood Marketing Inst
Description: Extend FY2022 Trade Promotion Funding Through FY2024 as Multi-Year Appropriation: This funding (ARPA-CSLFRF) is available through December 31, 2024.

Mr. Steininger addressed Item 8:

Department: Special Appropriations
RDU: Judgments, Claims Settlements (615)
Component: Judgments, Claims Settlements (3008)
Description: FY2022 Judgments, Settlements, and Claims DEPARTMENT OF LAW. (a) The sum of \$876,601 is appropriated from the general fund to the Department of Law, civil division, deputy attorney general's office, for the purpose of paying judgments and settlements against the state on or before June 30, 2022.

Co-Chair Stedman asked for more detail in Item 8.

Mr. Steininger explained that there were two judgments or settlements included in the original Supplemental Budget - Recall Dunleavy v. the Division of Elections and ACLU v. Dunleavy. The new settlements were Arctic Village Council v. Meyer, Lanford v. Dunleavy, Forrer v. SOA, and John Doe v. SOA.

Co-Chair Stedman asked whether there were dollar amounts associated with each case.

Mr. Steininger stated that the Arctic Village Council v. Meyer totaled approximately \$200,000 between three payees.

Blandford v. Dunleavy involved two payees receiving \$220,000 and \$275,000. He furthered that Forrer v. SOA totaled \$157,000 and the John Doe case was just over \$40,000.

[10:13:44 AM](#)

Senator Wielechowski referenced the Blandford case. He asked whether the court had found the state liable, or if the court had found Governor Dunleavy and his chief of staff personally liable.

Mr. Steininger referenced a memo from the Department of Law (copy on file) dated February 16, 2022. The memo offered more specific detail on the settlement.

Senator Wielechowski understood that the state had not been found liable by the court. He recalled that the governor and his chief of staff had been found liable in a personal capacity, which meant the state held no liability.

Mr. Steininger suggested that Senator Wielechowski read the memo from the Department of Law. He relayed that the appropriation was for the settlement and was not a judgement from the court.

Co-Chair Stedman thought the matter was a subject of interest to the committee and other legislators. He asked Mr. Steininger not to answer questions that made him uncomfortable. He relayed that LAW had been unavailable for this hearing but would be before the committee at another time. He recognized that the issue was a complex legal matter, and that Mr. Steininger did not represent LAW. He thought the Department of Law was paying attention and could be made aware of member's questions before appearing before the committee.

[10:17:02 AM](#)

Senator Wielechowski recognized that LAW should answer the questions. He asked why the department was paying hundreds of thousands of dollars for a matter in which it was not liable.

[10:17:35 AM](#)

Senator Olson suggested that the line item be deleted until there was significant justification from LAW. Co-Chair Stedman assured the committee that the issue would be under discussion later.

Co-Chair Stedman handed the gavel to Co-Chair Bishop.

10:18:42 AM
AT EASE

10:21:01 AM
RECONVENED

Co-Chair Bishop relayed that the committee would consider the Capital Budget items in the FY 22 Supplemental Budget Amendments.

Mr. Steininger relayed that Item 1 through Item 4 signified recommendations of items from the Exxon Valdez Oil Spill:

Department: Commerce (8)
RDU:
Component: Capital
Description: Alaska SeaLife Center Facilities Project: \$2.5 million of settlement funds for facilities replacement for the Alaska SeaLife Center (ASLC) for a facilities project. Funded with EVOS Fund.
Other Funds: \$2,500.0

Department: Commerce (8)
RDU:
Component: Capital
Description: Chugach Region Archaeological Repository: \$6.28 million of settlement funds for facilities replacement for the Chugach Region Archaeological Repository and Museum. EVOS Fund.
Other Funds: \$6,277.7

Department: Commerce (8)
RDU:
Component: Capital
Description: Alutiiq Museum & Archaeological Repository: \$7.3 million of settlement funds for purchase and renovation of the Alutiiq Museum and Archaeological Repository (AMAR). EVOS Fund.
Other Funds: \$7,339.5

Department: Commerce (8)
RDU:
Component: Capital
Description: Prince William Sound Science Center &
Technology Institute Facilities Replacement: \$5.95
million of settlement funds for facilities replacement
for the Prince William Sound Science Center &
Technology Institute (PWSSC). EVOS Fund.
Other Funds: \$5,950.0

[10:22:34 AM](#)

Mr. Steininger spoke to Item 5:

Department: Corrections (20)
RDU:
Component: Capital
Description: Hiland Mountain Intake Administration
Project: Savings if project is managed by DOC rather
than DOT.
UGF: (\$1,300.0)

Mr. Steininger addressed Item 6:

Department: Corrections (20)
RDU:
Component: Capital
Description: Yukon Kuskokwim Correctional Center
Recreational Area Renovations: Savings if project is
managed by DOC rather than DOT.
UGF: (\$820.0)

Senator Wilson asked whether the project was currently
under construction.

Mr. Steininger detailed that currently the department was
in the planning stages with the intent to start the project
as quickly as possible. He said that full construction had
not yet begun.

[10:24:16 AM](#)

Mr. Steininger addressed a spreadsheet entitled "FY 2023
Capital Governor Amended" (copy on file). He spoke to Item
1:

Department: Commerce (8)

Component: Capital
Description: Kodiak Fire Station: Addition to GO Bond Package.
Other Funds: \$15,000.0

Mr. Steininger spoke to Item 2:

Department: Commerce (8)
Component: Capital
Description: Nenana Fire Hall Update description.

Mr. Steininger addressed Item 3:

Department: Commerce (8)
Component: Capital
Description: Kenai River Bluff Stabilization: Update description.

Mr. Steininger spoke to Item 4:

Department: Commerce (8)
Component: Capital
Description: Seward Freight Dock Expansion and Corridor Improvements: Update description.

Co-Chair Stedman appreciated the assistance to Kodiak and Nenana fire halls. He related that he was not supportive of the GO bond package but was supportive of including the projects in the normal Capital Budget cycle. He asked whether it was safe to assume that the administration was looking positively towards potential inclusion of funding for fire hall and safety structure's maintenance and new construction. He thought the Kodiak project was a replacement due to earthquake damage. He commented on the dilapidated nature of fire houses around the state.

Co-Chair Bishop echoed Co-Chair Stedman's comments.

Co-Chair Stedman hoped for an opinion from OMB on the matter.

[10:28:01 AM](#)

Mr. Steininger commented that one aspect of the GO bond package was that it needed to go to voters for approval. He said that the administration would adjust the package as it

moved thorough the legislative process and the public weighed in on what should be included.

Co-Chair Stedman emphasized that he did not support a bond package. He thought the state was able to offer assistance around the state because of some unanticipated revenue. He reiterated his support of putting the two items in the regular Capital Budget.

Mr. Steininger thought the broader discussion of how to fund the projects was an important one. He commented that the administration believed that bonding now provided an opportunity to take advantage of low interest rates and saving the surplus funds while paying down debt overtime. He stressed that the administration believed that bonding was the best way to fund the projects but what those projects were that should be included in the package should be determined through the legislative process.

[10:31:56 AM](#)

Co-Chair Stedman reminded that the legislature was the appropriator, and its role was to define the Capital Budget structure. He urged caution on the issuance of debt.

[10:33:01 AM](#)

Mr. Steininger spoke to Item 1:

Department: Commerce (8)
Component: Capital
Description: Alaska Mariculture Alliance - Economic Recovery Mariculture Incentive Grant Program - SCOPE CHANGE: This appropriation provides a \$25 million grant to the Alaska Mariculture Alliance (AMA) for the purpose of establishing and operating a grant program for the mariculture industry. The Mariculture Revolving Loan Fund (MRLF) was established to provide capital, but additional financial assistance is necessary to support the industry during its infancy. Grants made through this appropriation will assist in the establishment of new mariculture businesses and the expansion of existing farms.

Mr. Steininger addressed Item 5:

Department: w Environ Conservation (18)

Component: Capital

Description: Alaska Enhanced Air Quality Monitoring: The Department of Environmental Conservation will implement a three-year air monitoring project that expands the Department's existing "AQmesh" air quality sensor network to fifteen additional communities across Alaska. The AQmesh network is intended to provide baseline air quality data for areas not covered by the State's regulatory monitoring network.

Federal Funds: \$650.0

Mr. Steininger spoke to Item 6:

Department: Health (6)

Component: Capital

Description: MH: Deferred Maintenance and Accessibility Improvements: Move capital project from DFCS to DOH.

Mr. Steininger addressed Item 8:

Department: Natural Resources (10)

Component: Capital

Description: Cook Inlet Petroleum Potential Lower Cook Inlet basin and the Alaska Peninsula-North Aleutian basin have significant petroleum potential, but they have been lightly explored and critical aspects of their geology remain poorly known. Much of the existing exploration data in these basins are proprietary. This request will help fund an effort to increase the amount of publicly available data on the petroleum potential of these basins.

UGF: \$1,200.0

Co-Chair Stedman thought it was a good idea to keep an eye on Cook Inlet, which he thought did not receive enough attention compared to Prudhoe Bay. He expressed concern that too much concentration on renewable energy could disadvantage Cook Inlet, where the state had invested hundreds of millions of dollars. He thought natural gas was substantially more environmentally friendly than many other energy sources.

[10:37:22 AM](#)

Senator Wielechowski asked whether the information that the department sought with the proposed funds already existed.

Co-Chair Bishop noted there was a petroleum geologist online for questions.

[10:38:02 AM](#)

DAVID LEPAIN, PETROLEUM GEOLOGIST, DIV. OF GEOLOGICAL AND GEOPHYSICAL SURVEYS, DEPARTMENT OF NATURAL RESOURCES (via teleconference), thought that some of the data existed but was likely lost. He said that the major players active in the basin over the last 40 years had pulled out of the basin and some of those companies no longer existed. He lamented that much of the institutional knowledge was gone. He asserted that the data that did exist from previous studies was dated. The department proposed to gather new highly relevant data to make available to the public domain and attract investment.

Senator Wielechowski knew there had been huge production and exploration incentives. He wondered whether previous studies had been funded by the state.

Mr. LePain recounted that the department had received capital improvement projects in the past and had used that money to conduct geological investigations in the area. He pointed out that because of the work investment had been attracted to the basin. He commented that by generating new data sets and being active in the basin the profile of the area was raised to attract new investors.

[10:41:08 AM](#)

Senator Wielechowski understood the rationale. He asked whether the state would be entitled to the information if the information came from studies funded by the state.

Mr. LePain relayed that the work that the department had done with the Division of Oil and Gas was all part of the public domain. He did not know whether Apache had received tax credits but knew several companies had received credits for shooting new seismic data sets, some of which were publicly available or were slated to become publicly available within the next 3 to 4 years.

[10:42:34 AM](#)

Co-Chair Stedman followed up on Senator Wielechowski's remarks. He recalled that a decade previously the state had

spent significant money trying to generate additional natural gas. He recalled that the seismic data done by investors was to be turned over to the state. He asked that Mr. LePain check the history of data sets when the department came to provide an update on Cook Inlet. He acknowledged the significant funds that the state had invested in data sets. He referenced the Permian Basin in Texas, and noted that geologists had gone back into the cores drilled in the 1800's. He stressed that existing core samples and data sets should be maintained.

Co-Chair Stedman continued his remarks. He wanted the department to be prepared to discuss the competitive nature of Cook Inlet and whether there would be a market to sell gas.

Mr. LePain made note of Co-Chair Stedman's comments.

[10:46:15 AM](#)

Co-Chair Bishop recalled that the last time the legislature had received a good Cook Inlet update was approximately the time of Commissioner Tom Irwin in early 2000.

Mr. LePain had not been involved in the last update and deferred the question to the Division of Oil and Gas.

[10:46:52 AM](#)

Mr. Steininger addressed Item 7:

Department: Natural Resources (10)
Component: Capital
Description: Food Security Agriculture Incentive Grant Program - SCOPE CHANGE: Scope change to add Nenana-Tochaket This funding would allow the Division to supplement Agriculture Revolving Loan Fund (ARLF) programs, provide matching grant funds, and financial incentives which will support agriculture farmers.

Senator Hoffman supported the scope change in Item 7 to address the needs of the Interior. He thought to be fair to all the citizens of the state regarding food security the rest of the state needed to be considered. He discussed ongoing replenishment of salmon stocks as a solution. He thought that people living in the poorest communities in some of the highest cost of living areas of the state

should be considered. He suggested the possibility of an amendment to the amount of the item proposed.

[10:48:58 AM](#)

Co-Chair Bishop concurred with Senator Hoffman's comments.

Mr. Steininger addressed Item 9:

Department: University of Alaska (45)
Component: Capital
Description: Emerging Energy Opportunities for Alaska: Investment through the Alaska Center for Energy and Power (ACEP) at UAF to address important gaps in our understanding of emerging energy technologies and applications for Alaska. These funds will be used to support targeted research in key emerging energy technology areas. This project includes Micro nuclear road map.
UGF: \$2,500.0

Senator Hoffman had spoken to the item earlier and was glad to see it in the capital budget. He mentioned tremendous accomplishments in the last decade, particularly in micro-nuclear power. He commented on the need to address high energy costs. He believed the item should be funded on a reoccurring basis as an item in the yearly Operating Budget.

[10:51:35 AM](#)

Co-Chair Bishop thanked the administration for bringing Item 9 forward. He was glad to see that the University was recognized for the work. He agreed with Senator Hoffman's comments regarding high energy costs, which he felt transcended legislatures and administrations.

#

ADJOURNMENT

[10:53:25 AM](#)

The meeting was adjourned at 10:53 a.m.