

HOUSE FINANCE COMMITTEE
February 2, 2023
1:34 p.m.

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CALL TO ORDER

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

MEMBERS PRESENT

Representative Bryce Edgmon, Co-Chair
Representative Neal Foster, Co-Chair
Representative DeLena Johnson, Co-Chair
Representative Julie Coulombe
Representative Mike Cronk
Representative Alyse Galvin
Representative Sara Hannan
Representative Andy Josephson
Representative Dan Ortiz
Representative Will Stapp
Representative Frank Tomaszewski

MEMBERS ABSENT

None

ALSO PRESENT

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

PRESENT VIA TELECONFERENCE

Norm McDonald, Deputy Director of Department of Forestry and Fire Protection, Palmer.

SUMMARY

OVERVIEW: FY 23 GOVERNOR'S SUPPLEMENTAL BUDGET

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Co-Chair Johnson reviewed the meeting agenda.

^OVERVIEW: FY 23 GOVERNOR'S SUPPLEMENTAL BUDGET

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NEIL STEININGER, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, introduced a PowerPoint presentation titled, "State of Alaska, Office of Management and Budget; Supplemental Budget HB54," dated February 2, 2023 (copy on file) and began on slide 2. He relayed that in summary, the overall cost for the supplementals was about \$105 million in unrestricted general funds (UGF) and \$393 million in all funds. Supplemental budgets were for the current fiscal year, meaning that the supplementals in the presentation would be relevant to FY 23. The Office of Management and Budget (OMB) worked to determine whether there were any unforeseen events that might need a supplemental or a need for additional resources that would require an additional appropriation. There were also supplementals for more technical items, such as an influx of federal funds, or supplementals for the purpose of changing the scope of an appropriation.

Mr. Steininger continued that the budget previously included a placeholder of \$85 million for the supplementals, but the total was about \$20 million greater than the placeholder. The discrepancy adjusted the amount of K-12 forward funding from a surplus in FY 23 down to roughly \$29 million. The \$29 million figure represented the total surplus between the projected FY 23 expenditures and projected FY 23 revenues. The state needed to average about \$82.39 in price per barrel of oil to balance the FY 23 budget.

Representative Ortiz asked Mr. Steininger to remind him what the forecasted price of oil was.

Mr. Steininger responded that the forecasted price was around \$81 or \$82 for the entirety of 2023. The state was in a better position than was originally projected in the fall of 2022.

Representative Ortiz understood that the legislature hoped to put \$1.2 billion into forward funding for education when session ended in 2022, but the number was now down to \$29.2 million.

Mr. Steininger responded in the affirmative. When the governor signed the budget in 2022, the projections were roughly \$2 billion between forward funding and the constitutional budget reserve (CBR). The number was now \$29 million.

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Co-Chair Johnson asked for the oil price to be repeated. She thought the forecasted oil price was \$88 per barrel.

Mr. Steininger responded that he was speaking from memory and could be wrong. He would follow up with the exact number.

Mr. Steininger continued on slide 3 depicting a chart of fire suppression activity. One significant supplemental in the governor's budget was \$50 million for the cost of fire suppression. The yellow section on the chart represented the actuals, the green represented the base budget, and the blue represented the supplemental appropriations. Projecting fire suppression costs was challenging and the base budget was often significantly less than the cost incurred every year. In 2020, the base budget had increased to roughly equal to the base in FY 18.

Representative Cronk assumed that the state had a supplemental every year for fire suppression.

Mr. Steininger responded yes, with a few exceptions. In FY 16, FY 18, and FY 21 there were no supplementals. One strategy employed by the state for fire suppression was ratifications, which involved spending money that had not yet been appropriated by the legislature. The tactic was not ideal, but sometimes the situation called for it. For example, the legislature might have already adjourned but it was possible that more fires could occur on state lands and therefore the Department of Natural Resources (DNR) needed to continue to spend money. For practical purposes, it might not make sense for the legislature to return to approve supplementals. In the situations where spending additional money was necessary, letters would be sent to the presiding officers informing them that the appropriation limit was about to be reached. The yellow bars on the chart illustrated the situation.

Representative Stapp asked about the \$50 million in

supplementals for fire suppression. Considering inflationary pressure and high fuel costs, he wondered if the \$50 million figure could be a low estimate. He asked what the confidence level was in the \$50 million number.

Mr. Steininger responded that generally speaking, the confidence level was not high, as the graph illustrated. This was due to the unpredictability of fires and weather, as well as whether the fire would be on state or federal lands. He indicated that both were difficult to plan for and predict.

Representative Stapp asked if there was potential for large growth beyond the \$50 million amount.

Mr. Steininger responded that \$50 million figure was chosen because there were fires at the end of the previous summer that exceeded the initial appropriations. He was working with DNR to craft an estimate of what might be needed for fires in the spring. It was unclear whether \$50 million would be sufficient for the fire season, but at the current stage, the estimate was the best information available.

Representative Hannan asked about the issue of the federal reimbursements for state costs. She was aware of a large supplemental for the fires in 2019 starting in FY 20 and that there was a federal reimbursement for the supplemental. She asked where and when the reimbursement would show up. She had heard from OMB that it could take several years for the money to return to the state. She asked for the status of the reimbursement from the federal government for the 2019 fire season.

Mr. Steininger responded that the reimbursement would show up as a deposit back into the general fund. He deferred the question as to the status of the reimbursement.

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NORM MCDONALD, DEPUTY DIRECTOR OF DEPARTMENT OF FORESTRY AND FIRE PROTECTION, PALMER (via teleconference), responded that the costs from the 2019 fire season were not yet completely covered. Most of the funds were recovered in two years, but there were parts of the negotiations that could take up to five years. Some fire costs were reimbursed through the Federal Emergency Management Agency (FEMA). The reimbursement processes were still ongoing.

Representative Hannan recalled that around \$100 million of the fire costs were meant to be returned to the state. She asked if her memory was correct. She understood that it would still appear under the supplemental category even though there were federal monies to offset the costs.

Mr. McDonald responded in the affirmative. He reported that 2019 was a record year for the federal reimbursement process and the Swan Lake fire alone incurred about \$50 million in costs. In 2019, many of the fires were in federal jurisdiction and were eligible for federal reimbursements. Unfortunately, during the 2022 fire season spanning FY 22 and FY 23, most fires were on lands that were under state jurisdiction and were therefore not eligible for federal reimbursement. It varied from season to season and year to year and was difficult to predict.

Mr. Steininger continued to slide 4, which showed a graph related to the Department of Corrections (DOC). In FY 23, DOC had about a supplemental of \$21.3 million including approximately \$19 million UGF and \$2.1 million in federal funds. There were quite a few years where there were supplementals for DOC for a variety of reasons. The supplemental for FY 23 was due to an increase in population in the correctional facilities, an increase in the number of individuals released on electronic monitoring, and an increase in individuals living in community residential centers. There was also a capital supplemental for DOC for the Lemon Creek Correctional Facility due to erosion issues and structural damage incurred during heavy rains that Juneau experienced in the summer of 2022. The inmates had to be moved out of the area and redistributed throughout the correctional system, and there was a requirement for about \$10 million in capital improvements to repair the facility.

Mr. Steininger advanced to slide 5 and the Department of Public Safety (DPS). In FY 22, there was a ratification of expenditures and it was a closed fiscal year where the expenditures exceeded the amount appropriated. There were two components: an overall shortfall of \$3.3 million in costs associated with personal services within DPS and \$3 million of unpaid central services costs. In FY 23, there were three components within the supplemental for DPS: \$575.8 million of FY 22 expenditures shifted to FY 23, \$2.6 million was needed for state equipment fleet increases, and

\$5.7 million for other cost pressures most notably travel, equipment, and new Alaska State Trooper positions that had not been fully funded in the appropriations. As DPS filled the positions, an appropriation was needed to fully fund the cost of the new positions.

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Co-Chair Johnson asked for more details about the usage of the \$3.3 million shortfall in personnel services costs. She asked if all trooper positions had been filled.

Mr. Steininger responded that the shortfall was a combination of filling positions that had been vacant, but not necessarily fully funded, and overtime for positions that were already filled. In order to provide services to the public, many of the troopers were required to work overtime. Not every trooper position was filled in FY 22.

Representative Josephson asked if some of the supplementals might be baked into the base budget in FY 24. He did not think the supplementals appeared to be one-time costs.

Mr. Steininger agreed that the supplementals were not one-time costs. He explained that the payment for the depreciation of departmental vehicles was skipped in FY 22. It was an ongoing cost that needed to be addressed in the FY 24 budget. Several costs were addressed in the budget, but he was working with DPS to understand spending trends in FY 23 to ensure that it would not be an ongoing problem.

Representative Galvin asked if there were some lessons learned in the area of funding public safety. She thought of public safety as being the most important element the legislature supported. She recalled that there was a slide in a previous meeting that showed the high vacancy percentages across state agencies. She knew there were some other bills that aimed to help recruitment and retention. She wondered if money could be saved in the long run if wages were increased and benefits were improved upon.

Mr. Steininger replied that some of the strategies used by the administration were aggressive recruitment efforts in other states in an attempt to bring people up to the state. Hiring bonuses had also been implemented to increase recruitment. There had been some successes such as larger trooper academies and he was optimistic that the trooper

positions would be filled and overtime costs would be reduced.

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Representative Stapp understood that the department had a vacancy rate that was above the budgeted vacancy factor which elicited some amount of salary savings. He asked if the \$3.3 million was in addition to the money that had been saved due to some positions remaining unfilled.

Mr. Steininger responded that the \$3.3 million represented the total after all of the money that had been available due to the vacancies was consumed. He clarified that \$3.4 million was spent as a result of overtime and other factors.

Mr. Steininger advanced to slide 6 to discuss supplemental operating budget items. The remainder of the items were not as large as the previous supplemental items. He read through the supplemental items for the Department of Administration (DOA) on the slide. The items included an increase in program receipt authority for an anticipated increase in municipal case referrals and hearing activity as well as lapsed lease payments for FY 22 that were not entered by the end of the fiscal year. There was a shift in the lease payments from DOA to the Department of Transportation and Public Facilities (DOT) and the state had to pay two years' worth of leases from the FY 23 budget. The money lapsed back into the general fund at the end of FY 22 because the transaction did not post.

Mr. Steininger continued that the department also had to relocate a local area network room in the Goldbelt Building at a cost of \$100,000, which was not accounted for in the original budget. There were other supplemental items within DOA that were associated with fiscal notes. In the case of SB 131, the fiscal notes had the incorrect funding, and the supplemental would correct the error. For HB 325, the fiscal notes were associated with HB 5, which did not pass but was merged into HB 325, and the fiscal notes from HB 5 were not attached to the new bill.

Mr. Steininger continued with supplemental items within the Department of Commerce, Community and Economic Development (DCCED). There was another fiscal note in the appropriation process for HB 226 and some health insurance rate changes

that were addressed as supplementals that were missed in the appropriation bill in 2022. Finally, there was a technical item relating to extending the state match for the Alaska Reinsurance Program.

Mr. Steininger advanced to slide 7 to speak on the supplemental items within the Department of Education and Early Development (DEED). The Alaska Arts Council received an additional grant from the National Endowment for the Arts of \$125,000. The department had also seen an increase in the costs for administrative hearings and legal services that required a total of \$105,000 in UGF. The Washington, Wyoming, Alaska, Montana, and Idaho (WWAMI) program had a contractual increase totaling \$44,900 in UGF. Finally, there were two corrections to language in the federal relief for Individuals with Disabilities Education Act (IDEA) and the multi-year federal authority appropriations.

Mr. Steininger continued to discuss supplemental items within the Department of Environmental Conservation (DEC). There was \$175,000 in program receipts for permit collections due to an increase in permitting as a result of the Infrastructure Investment and Jobs Act (IIJA). There was also \$2.8 million in the capitalization for the Clean Air Protection Fund (CAPF) which collected fees from industries engaging in permitting activity. The fees were held flat for three years during the COVID-19 pandemic. Normally the fees were addressed on a rolling basis, but due to the flattening of the fees, the department had to drain some of the reserve funding and the \$2.8 million would return the funding to its normal state. In the Department of Family and Community Services (DFCS), there was a rate change related to a bill that was passed by the legislature two years prior addressing the Alaska Pioneer Home rates. The bill mandated that the department adjust its rates on an annual basis and required \$700,000 in program receipts to collect the additional rate set in the bill, which was just missed during the appropriation process in 2022.

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Mr. Steininger moved to slide 8. In the prior year, the appropriation bill included a "fuel trigger," which would have given an appropriation to state agencies to pay for the cost of heating fuel and fuel for vessels and cars based on the price of oil. However, the fuel trigger was

vetoed because it had direct strings in terms of where the money would be distributed. It was clear that the fuel costs would not be distributed in the manner intended by the appropriation bill. The cost of utilities, which primarily paid for fuel for the Department of Fish and Game (DFG), impacted some of the hatcheries and other operational expenditures. There was also an issue related to deferred maintenance in the Southeast region of the state in fisheries management requiring \$130,000 more than anticipated.

Mr. Steininger continued on side 9. In the Department of Labor and Workforce Development (DLWD), there was an adjustment from program receipts to the general fund due to a shortfall within the Alaska Vocational Technical Center (AVTEC). The adjustment would ensure that AVTEC would not need to lay off any professors. The department was also looking to slightly change the scope of an appropriation from the prior year related to workforce development and ensure that the appropriation would be better deployed. There was also \$222,000 related to a workers' compensation claim against the Workers' Compensation Benefits Guaranty Fund (WCBGF). The WCBGF was included in the CBR sweep a number of years ago and there were not enough funds in the account to pay for the claim.

Mr. Steininger reported that a new employee had been hired to manage some issues that had arisen in the Department of Military and Veterans' Affairs (DMVA; however, the position still needed to be funded. There was also a shortfall at the Joint Base Elmendorf-Richardson (JBER) of \$1 million related to operating costs for the Army Guard. In the Department of Natural Resources (DNR), there had been an increase in permit applications related to IIJA that required \$200,000 in program receipts in order to collect the fees for the permits. There was also about \$100,000 needed to ensure that state parks remained open.

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Representative Hannan asked about the capitalization of WCBGF. She understood that Mr. Steininger said that the fund was swept, but her recollection was that the fund had been accrued over multiple years. She asked if the \$221,000 cost was meant to capitalize the fund for anticipated claims for one year or more than one year.

Mr. Steininger replied that the \$221,000 was associated with a specific claim and did not reflect the total amount swept from the fund. The decision was made to capitalize the amount in order to ensure that the specific claim could be paid for, but not capitalized for any additional receipts. If further claims arose, the department would have to strategize on how to address the additional claims.

Representative Hannan asked if some of the money was baked in to the supplemental to continue to pay for it for the next fiscal year. She asked if it was anticipated that there would be a supplemental every year there was a major claim, or if it would be capitalized by the regular workers' compensation payroll contributions.

Mr. Steininger responded that the payroll contributions would continue to be capitalized normally. Ideally, there would not be another large claim and the fund would continue to build-up, not be swept, and be self-supporting in the future. Should there be a future claim that was in excess of the amount in the fund, a supplemental might be necessary.

Mr. Steininger moved to slide 10 and the supplemental items under the Department of Revenue (DOR). He explained that there was a planned cash room in Juneau to handle cash payments from marijuana businesses. The department had more cash than it had anticipated and did not feel comfortable handling the cash within the existing security facilities. The department had started the construction with existing dollars but required another \$150,000 to complete the construction.

Co-Chair Johnson asked if the cash room dollars were considered designated funds.

Mr. Steininger responded that the marijuana taxes went three places: the Marijuana Education and Treatment (MET) fund, the Recidivism Reduction fund, and the remainder went to UGF. The MET and Recidivism Reduction funds were designated funds that were essentially consumed by the departments using them.

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Mr. Steininger explained that the Tax Revenue Management System (TRMS) was being moved into the cloud, which was a

process that would require a supplemental of \$187,000 in UGF for FY 23. There were another two supplemental items due to fiscal notes for HB 226 that were omitted in the prior session in the final packet in the conference committee. There was also \$127 million in federal stimulus for housing that was managed by Alaska Housing Finance Corporation (AHFC) to manage its housing programs. Within DOT, there was a supplemental for an advanced air mobility and infrastructure study, which was sourced from the International Airport fund and the Rural Airport Fund. There were also 11 technical fund changes that needed to be corrected from a fiscal note that was not updated at the end of the prior session. Another DOT item was \$2 million in receipt authority to accommodate additional fuel cost payments for the state equipment fleet, which was the purchaser of fuel for most state vehicles.

Mr. Steininger advanced to slide 11, which continued on with DOT supplemental items. There were a number of airport contracts for the new Newtok and Mertarvik airports, which had increased in price primarily due to the cost of fuel. In Homer, the natural gas and water sewer assessments on DOT facilities had increased several years prior and the department had a backpay of a total of \$180,000 in UGF. The City of Fairbanks had been collaborating with DOT to better maintain roads through a contract, which had an associated cost of \$200,000 over the amount that was normally budgeted. At the rural airports in the Southcoast region, there was a \$49,000 increase due to the heightened cost of fuel. For the international airports, there were several items that were identified that could not fit within the airports' existing budgets, such as supplies, advertising, materials, shipping, and snow removal.

Representative Josephson asked if the department sought supplemental monies for Anchorage's "snow disaster."

Mr. Steininger responded that DOT did not specifically seek supplemental money for non-airport related issues. The airports had to manage the snow as well but the department was able to allocate resources within the existing budget to manage the snow on the state roads at the airports.

Representative Josephson understood that the municipality was responsible for maintaining partial sections of streets. The municipality would cease its timely plowing maintenance where its jurisdiction ended and cars could

simply not advance down the shared road. He thought there were a lot of upset constituents in Anchorage and it was an item that needed to be examined in the budget overall. He was surprised that the department did not ask for a "life buoy" and more support in November and December of 2022.

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Representative Hannan recalled that the international airports in Anchorage and Fairbanks were self-funded to a certain extent. Although the airports were included in the supplemental, they earned revenue from fees and the money would be returned to the state.

Mr. Steininger responded in the affirmative. The fee collections from the air carriers were shown on slide 11.

Representative Hannan asked for confirmation that the legislature was just authorizing the billing and receipts of monies that the vendors and user would pay. The monies would not be coming out of other state revenue sources.

Mr. Steininger responded in the affirmative.

Mr. Steininger moved to slide 12. All items were international airport items where additional costs were identified that could not be accommodated in the airports' existing budget. Expenses included items like heating fuel and mission critical incentive pay, which was an employee incentive bonus to ensure that there were enough ground crew and plow drivers to keep the airport open through the winter.

Co-Chair Foster commented that he did not see Alaska Marine Highway System (AMHS) on the supplemental list. He asked if there was a reason for the exclusion and whether amendments could be expected.

Mr. Steininger responded that he was working with the department on whether AMHS would need a supplemental budget adjustment or whether it would need an adjustment in a future year's budget. In the FY 23 budget, AMHS had a \$20 million contingent appropriation should the federal receipts be insufficient to meet the appropriation. It was still unknown whether the \$20 million appropriation would be sufficient for operations if the contingency was met. If it was not sufficient, he anticipated that additional funds

would be combined with capital funds matching efforts as one entire package.

Mr. Steininger advanced to slide 13. After the close of the 2022 legislative session, the University of Alaska (UA) negotiated compensation increases with its staff and faculty which would cost \$6.5 million in FY 23. There were also appropriations proposed in FY 24 for continuing costs that were negotiated in the contract.

Representative Josephson understood that the university was responsible for compensation for its own employees. He noted that a compensation boost was included in HB 226 for exempt and partially exempt employees. He thought that implementing a similar boost for university staff was more difficult for the legislature to accomplish. He asked if Mr. Steininger understood the process.

Mr. Steininger responded that the university had some covered employees and some exempt employees. The slide was only addressing the compensation negotiations for the covered employees. However, Representative Josephson was correct in that university employees were not covered in HB 226 because they were defined differently than a standard state employee in statute.

Representative Galvin referred to slide 9 and noted that there were only supplementals for university faculty and staff. She recalled that Mr. Steininger had mentioned the number of existing vocational training opportunities was due to a shortfall in student receipts as student numbers had decreased. She wondered if the university experienced a similar problem due to the change in student numbers.

Mr. Steininger responded that the student receipts on slide 9 were associated with AVTEC, which was separate from the university system. The university system had its own challenges with attracting students, but it did not necessarily have the same budget considerations as AVTEC.

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Mr. Steininger continued on slide 13. There was a supplemental item for the legislature for health insurance rate changes that were omitted from the FY 23 budget. Additionally, there was a supplemental for attorney salary

increases under HB 226 which was omitted from a fiscal note in 2022.

Mr. Steininger moved to slide 14 and supplemental capital budget items. Under DOA, federal receipts flowed in for the sale of federal property managed by DOA within the surplus property program. The federal receipts could be used for a variety of activities, but DOA was intending to use the receipts to add office space and a storage mezzanine to the federal warehouse. In DCCED, the Alaska Energy Authority (AEA) introduced a new defense community infrastructure pilot program that came about due to IIJA and required about \$13 million in federal receipts. There was also a new state energy program under AEA that came about due to IIJA. In DFG, there were a number of new programs funded by the Exxon Valdez Oil Spill Settlement (EVOSS) monies. The two listed on the slide were the Chugach regional ocean monitoring program and a Prince William Sound kelp mariculture development program for habitat restoration and the local economy.

Mr. Steininger advanced to slide 15 and the remainder of the EVOSS projects, including mariculture opportunities, community restoration, natural history symposium, funding for habitat protections, and more. There was a council of state and federal representatives that decided how the settlement money was spent, however the money was still appropriated through state appropriation vehicles. In DNR, there was a \$5 million federal program item related to community lidar [light detection and ranging] collection.

Mr. Steininger continued to slide 16. Under DOT, there were a number of federal awards and associated matches related to the aviation improvement program. The items were above and beyond what was originally appropriated for the improvement program and were essentially additional Federal Aviation Administration (FAA) dollars that the state could collect as long as it could provide the \$1.7 million match. Under UA, there was a \$4 million federal program related to workforce expansion and diversity funding at the University of Alaska Anchorage (UAA). Additionally, UA was requesting \$30 million in university receipts and \$30 million in federal receipts to address a variety of capital projects and maintenance work on some of the university facilities.

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Co-Chair Johnson asked for the definition of UA workforce expansion and diversity funding.

Mr. Steininger deferred the question to representatives from the university, but they were not available. He would follow up with additional information.

Mr. Steininger moved to slide 17 to speak on several technical appropriations. Many of the items were related to items that had originally been appropriated to one agency, but it was later determined that the items would be better suited under another agency. The first was the IT modernization for the retirement system which was originally located within the Office of the Governor and would be moved to the Division of Retirement and Benefits within DOA. The final item was a repeal of an IT project within the Permanent Fund Dividend Division. The project was completed on time and under budget and the item would repeal the remaining funding and allow it to lapse back into the dividend fund.

Representative Josephson remarked that he had sometimes seen supplemental budgets pass within the first 30 days of session and sometimes the budgets had taken much longer. He thought that passing a supplemental early on in session could mean that urgent projects were not addressed in a timely manner. He wondered if Mr. Steininger would like to make a case as to why the supplementals should be passed swiftly.

Mr. Steininger responded that he would always encourage prompter action on the supplemental budget given that the items were often urgent needs that could not be accommodated within the existing budget. Some of the items allowed for a longer time period for action and if the items were appropriated today, there would be more time to work on the projects. If an item was appropriated on June 30, the work on the project would begin on that day. In other cases, such as appropriations for DPS, there were items that needed to be appropriated in a timely fashion in order to avoid causing operational challenges. If the IT system was not transferred to DOA until the last day of June it would not impact operations, but there were situations in other departments that could cause operational challenges if not appropriated in a timely manner. During his time at OMB, most supplemental budgets

passed around June and OMB worked with the impacted agencies to minimize the severity.

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Co-Chair Edgmon asked if approving the supplemental now would require a CBR draw and a three quarters vote.

Mr. Steininger responded that based on current revenue projections, it would not. There would be \$29 million remaining in FY 23 revenue and it would not cause a deficit under the current projections.

Co-Chair Edgmon thought it was interesting because he understood that oil needed to be \$82 per barrel to balance the budget. He understood that the projections were \$88 per barrel, but Mr. Steininger was reporting that the numbers were between \$82 and \$88 per barrel.

Mr. Steininger responded that the current oil price was slightly below the \$82 dollar range, but \$82 was the average needed for the remainder of the fiscal year. When the official revenue forecast was updated in the spring, OMB would need to reassess the surplus or deficit for FY 23 and determine whether another source needed to be utilized to meet the appropriation need.

Co-Chair Edgmon understood that if the legislature adopted the governor's FY 24 budget without making any changes, the CBR draw would be \$200 million. He asked if he was correct.

Mr. Steininger responded that it would be roughly \$265 million.

Co-Chair Edgmon commented that the number was based on the price of oil and the spring revenue forecast could deviate from the projections. He thought it could show how quickly things could change with oil prices.

Co-Chair Johnson asked if Mr. Steininger anticipated an additional fire suppression request.

Mr. Steininger responded that he was working with the department on the spring projections. It was not yet determined whether the fires that occurred in the prior year were partially on federal lands and eligible for federal reimbursement. He would return to the committee at

a later date with additional information related to fire suppression.

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Co-Chair Foster asked if the \$105 million UGF supplemental was the same, smaller, or larger than supplementals in the previous four years.

Mr. Steininger responded that excluding the \$50 million for fires, there had been years with larger supplementals, but he thought the FY 24 was on the high side of the middle range. He could provide a report of supplemental information for the last ten years.

Co-Chair Foster asked whether Mr. Steininger expected amendments to be proposed not just for fire suppression, but for any items. He asked if there was a possibility that there would be amendments in the \$10,000 range, \$100,000 range, \$100 million range, and so on.

Mr. Steininger responded that he could not put a number to it yet. He relayed that he was working with the agencies on the amended budget process. The amendments would be released on Feb 15.

Co-Chair Johnson reviewed the agenda for the next meeting.

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ADJOURNMENT

The meeting was adjourned at 2:46 p.m.