

HOUSE FINANCE COMMITTEE  
February 17, 2023  
1:31 p.m.

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CALL TO ORDER

Co-Chair Johnson called the House Finance Committee meeting to order at 1:31 p.m.

MEMBERS PRESENT

Representative Bryce Edgmon, Co-Chair  
Representative DeLena Johnson, Co-Chair  
Representative Mike Cronk  
Representative Alyse Galvin  
Representative Sara Hannan  
Representative Andy Josephson  
Representative Dan Ortiz  
Representative Frank Tomaszewski  
Representative Julie Coulombe (via teleconference)

MEMBERS ABSENT

Representative Will Stapp  
Representative Neal Foster, Co-Chair

ALSO PRESENT

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

PRESENT VIA TELECONFERENCE

Josephine Stern, Assistant Commissioner, Department of Health; Alesia Kruckenberg, Director of Strategy Planning and Budget, University of Alaska; Teri West, Administrative Services Director, Department of Corrections; Cheri Lowenstein, Administrative Services Director, Office of the Governor; Amber LeBlanc, Administrative Services Director, Department of Law.

SUMMARY

OVERVIEW: GOVERNOR'S BUDGET AMENDMENTS

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Co-Chair Johnson reviewed the meeting agenda.

^OVERVIEW: GOVERNOR'S BUDGET AMENDMENTS

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NEIL STEININGER, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, introduced himself and a PowerPoint presentation entitled, "Amended Budget HB39, HB40, HB41 and HB54," dated February 17, 2023 (copy on file). He began on slide 2 and offered an overview of the FY 24 amended budget. He explained that the budget was released on December 15 every year and the governor had the opportunity to introduce amendments on the thirtieth day of legislative session. The amendments generally covered topics that were either not contemplated at the time the budget was developed, emergent issues that were not problems at the time of the original release of the budget, or corrected any errors or mistakes that may have been made. He noted that there was just under \$9.2 million requested in the FY 23 supplemental budget and \$106.3 million to the FY 24 budget in unrestricted general funds (UGF). When all fund types were added together, the total for FY 23 was a deficit of \$43.9 million and a surplus of \$489 million in the FY 24 budget.

Co-Chair Johnson announced that Co-Chair Edgmon had joined the meeting.

Mr. Steininger continued on slide 3. He indicated that when the amendments were added to the December budget, the total was \$7.8 billion in UGF in FY 23 and about \$7.4 billion in FY 24. The addition of the amendments in FY 23 effectively brought the K-12 forward funding deposit down to zero. In FY 24, the amendments brought the deficits projected in the December 2022 revenue forecast to \$433.5 million.

Mr. Steininger continued on slide 4. One of the most significant issues that had emerged since the release of the budget in December was the amount of backlog incurred during the COVID-19 pandemic within the Office of Public Advocacy (OPA) and the Public Defender Agency (PDA). There was an addition of about \$1.6 million in the FY 23 supplemental budget and \$6.7 million in the FY 24 budget

for OPA and PDA in order to help with the backlog. The total additions were \$4.7 million in FY 23 and \$9.8 million in FY 24 in increased investments for the two entities. For OPA, the money would primarily go to a contractor rate and cap increase. He relayed that the rates had not been adjusted in some time. There was a bill in the prior session that increased pay by 20 percent for attorneys, and the amended budget increase would provide the same increase for contracted attorneys. They also increased a cap in the number of hours that contracted attorneys were able to bill because the number of hours it typically took to defend a felony case was significantly greater than the number allowed by the cap. In PDA, there was an addition of one-time funding to bring in contractors to assist with the backlog, additional funding for training to improve recruitment and retention, and increased funding for the agency's most serious felony caseloads.

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Mr. Steininger advanced to slide 5 and reported that the second largest issue was occurring within the Department of Health (DOH) and the Division of Public Assistance (DPA). There was a significant backlog in Supplemental Nutrition Assistance Program (SNAP) payments as well as the looming issue of Medicaid eligibility redetermination. There were a number of items within the FY 23 and FY 24 supplemental budgets to address the issues. In FY 23, there was about \$3 million in federal funds related specifically to the backlog application processing. In 2024, there was a similar increase in funding for DPA to support the backlog. In total, there was an increase of about \$9 million in UGF and \$9 million in federal funding. There was also a replacement of the eligibility system, which was a project that had been going on for about a decade. The appropriation in the FY 23 and FY 24 supplementals would fund the final phase of the project and the completion of the project would allow processing to improve in the future.

Co-Chair Johnson made note that Representative Coulombe was online.

Representative Hannan asked for clarification on the last item under FY 24 on slide 5, which was the mainframe system replacement. She asked what the system would be replaced

with and wondered if it would be another mainframe system or a cloud-based system.

Mr. Steininger responded that the plan was to move away from the mainframe system.

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Mr. Steininger moved to the Alaska Marine Highway System (AMHS) on slide 6. The state received a considerable amount of federal grants for AMHS for a total of \$286 million; however, the grants required a match. He explained that the Office of Management and Budget (OMB) met with the Department of Transportation and Public Facilities (DOT) and put together a plan to satisfy the match requirements with the least amount of state funds. Within the operating side of AMHS, the match requirement was \$44 million and DOT was able to accommodate the match with existing appropriations within the operating budget. However, the award of federal receipts for the operating system was less than the amount of federal receipts appropriated in the prior year. The supplemental proposed switching some of the federal receipts to Farebox Recovery Funds in order to ensure that full operations would continue. It was not necessarily a required match, but a smaller federal award than what was anticipated.

Mr. Steininger added that there was a federal award for the marine vessel (MV) Tustumena, and the match was being pulled from an existing capital appropriation from FY 18 from the vessel replacement fund (VRF). There was another \$8.6 million grant for design work on another replacement vessel and there was a capital amendment to draw \$2.1 million from the VRF to match the program. The remaining \$163.7 million in capital projects was for the electric ferry, dock infrastructure upgrades, and existing vessel modernization. The match for the \$163.7 million was coming from a concept called toll match credit, which allowed for the capture of other federal dollars to be used for the program by using credits from toll receipts. Using prior year expenditures of the funds to the maintenance of the vessels had a credit towards using federal funds in the current year to match other federal funds. He noted that the toll receipts strategy was a new tool for the state and the state was working with its federal partners to ensure that the system was properly understood. He had provided a handout to the committee to explain the concept in depth.

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Representative Ortiz asked about the first item on slide 6 that indicated there was a grant of \$44 million for operations. He recalled that Mr. Steininger had said that there was a source for the required \$18.4 million match and inquired as to the origin of the source.

Mr. Steininger responded that the \$18.4 million match would be coming from the AMHS fund, or the toll box recovery fund. There were several fund sources within the broader operating budget for marine highways: the \$18.4 million match, the federal receipts from the operations grant, a general fund appropriation in the budget for the current fiscal year, and a contingency appropriation that would appropriate \$20 million of additional general funds if the federal receipts came in lower than what was appropriated. The only new appropriation was the \$18.4 million match.

Mr. Steininger concluded his presentation and explained that there was a spreadsheet packet of other amendments he would explain for the committee.

Representative Ortiz referred to slide 3 and asked if the supplemental was eliminating the surplus that was intended for forward funding education. He understood that the \$1.2 billion that was thought to be available for education was now unavailable because of reduced revenue. He asked if there was a deficit in the FY 23 budget.

Mr. Steininger responded that the state was effectively exactly balanced for the current revenue projections.

Representative Ortiz thought the deficit was around \$300 million prior to the amendments, and with the amendments the deficit was around \$433 million.

Mr. Steininger responded in the affirmative.

Co-Chair Edgmon commented that the original deficit was specifically \$322 million.

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Representative Josephson referred to slide 5 and the DPA increase. He asked if the increase would allow for 30 more personnel within the division.

Mr. Steininger responded that there were 30 non-permanent positions associated with the increase.

Representative Josephson asked if the 30 new personnel were in addition to the increase of 20 positions as of December 15, 2022.

Mr. Steininger responded in the affirmative.

Representative Galvin understood that there was an addition of \$9 million for the 30 new positions. She calculated that each position would cost \$300,000.

Mr. Steininger responded that there was an increase of \$9 million in state dollars and \$9 million in federal dollars for more than the non-permanent personnel. The funds would cover other aspects as well, such as bringing on contractors to work at call centers.

Representative Hannan noted that Mr. Steininger had used the term "clearing the backlog" but that it was for FY 24 and would not be available for use until July 1 of 2023. She had been led to believe that the backlog should be taken care of prior to July.

Mr. Steininger responded that the FY 24 amount was in addition to the FY 23 supplemental. He clarified that the intention was not to wait until July to begin addressing the backlog. The FY 23 supplemental represented the costs for the remainder of the year. He explained that the need for a surge in capacity began in FY 23 through FY 24 and into FY 25. Part of the increase was related to the Medicaid redetermination, which was a rolling cycle of redetermination and could not necessarily happen all at once.

Representative Hannan was concerned that there was \$3 million to clear up the backlog, however it was anticipated that \$18 million would be needed in the next fiscal year to keep up with the backlog. She asked why the amount was only \$3 million and why not add another \$10 million.

Mr. Steininger responded that slide 5 showed what work could be accomplished from now until the end of the fiscal year. If the entire amount was put into FY 23, the department would not necessarily be able to execute the required work. The FY 24 amount represented efforts to ensure the surging capacity continued to be funded. He noted that it was likely that the surging capacity would need to continue into FY 25.

Representative Josephson asked if the 30 additional personnel would be fundable with the FY 23 supplemental. He asked if it would cover the 30 new positions in addition to the 20 positions budgeted as of December 2022. He wondered if someone asked him how many people were working on the crisis whether it would be correct to report that about 50 people would be working on it.

Mr. Steininger replied that everyone at DPA was working on the crisis. He deferred the question to a representative from DOH.

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JOSEPHINE STERN, ASSISTANT COMMISSIONER, DEPARTMENT OF HEALTH, JUNEAU (via teleconference), responded that the 30 positions were being added as part of the FY 23 supplemental request and would carry forward into FY 24.

Co-Chair Johnson asked how hiring more people would increase the capacity.

Mr. Steininger responded that a portion of the funding would go to contractual costs. He suggested that Ms. Stern might be able to speak to the strategies deployed by the department.

Ms. Stern responded that the department was exploring an agreement that would allow for increased compensation for the workers for the overtime hours spent working on the backlog. The department was receiving increased numbers of applicants and there had been successes.

Representative Galvin asked if the success transferred to a success in distributing what needed to be distributed for federal funds and federal services.

Ms. Stern responded that it was the hope that the backlog would be cleared with the help of the incoming personnel.

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Mr. Steininger directed the committee's attention to the document titled, "FY 23 Supp Op Gov Amend spreadsheet" (copy on file). The first item on the spreadsheet was one he had already discussed with OPA. The second and third items were associated with an adjustment for a recently negotiated unit contract with the Teachers Association of Mt. Edgecumbe (TEAME). Items four through six were related to the previously discussed Medicaid eligibility issue. Item seven was an adjustment in general funds as the Department of Military and Veterans Affairs (DMVA) had found that some costs supported by general funds could instead be supported by a federal award, and therefore DMVA could reduce its general fund appropriation. Item eight was the estimate needed for spring wildfires to date. Item nine was the amount necessary to complete payments for summer and fall 2022 fire activity. Item 10 was a reduction of \$150,000 related to a cash room in Juneau for the Department of Revenue (DOR). He explained that the department found a different way to accomplish the same need and the appropriation was no longer required.

Mr. Steininger moved to page 2 of the document. He explained that item 11 was a technical reversal of an appropriation in federal receipts for the Alaska Housing Finance Corporation (AHFC). Item 12 was a fund source change shifting between two other fund sources as an incorrect fund source was mistakenly included in the FY 23 budget. Item 13 was the previously discussed \$18.3 million match related to AMHS.

Mr. Steininger advanced to page 3. Item 17 was related to legal and advocacy service for the Public Defender Agency. Item 18 was a ratification of a [Medicaid] expenditure from FY 16 in which a federal award came in lower than the amount that had initially been billed to the federal government. Item 19 was the other half of the technical correction relating to AHFC.

Mr. Steininger directed attention to the next spreadsheet, titled "FY 23 Supplemental Capital Governor Amended" (copy on file).

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Representative Galvin referred to item 4 on the first page of "FY 23 Supp Op Gov Amend spreadsheet." There were many different ways the funds would be used to ensure that the necessary work was being done regarding the public assistance program. In light of the last few months, she wondered whether there were also funds available for emergencies if the state was unable to deliver the necessary changes to the SNAP benefits. She asked if there was an available fund for emergencies.

Mr. Steininger asked if the question was if there was money available to provide some other form of relief directly to the beneficiaries.

Representative Galvin responded in the affirmative and asked if the state was unable to deliver the necessary changes to the program.

Mr. Steininger responded that the available funds only covered the resources necessary to do the eligibility determination work. There was not any supplemental money to a state funded program for food relief.

Representative Galvin noted that the spreadsheet referenced contractual support, communication needs, temporary staffing and security. She asked if the listed components were strictly intended to support eligibility determinations.

Mr. Steininger responded that Representative Galvin was correct and the appropriation was specifically related to the eligibility determination issue. He relayed that OMB had been working with DOH and other departments that had connections to food security to determine if there were any existing appropriations that could help address the issue. He emphasized that during the last several days, OMB had been working specifically to identify a way to address the need.

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Mr. Steininger drew attention to the next handout, entitled, "FY2023 Supp Capital Gov Amend" (copy on file). There were four items in the supplemental capital budget. The first item was a scope change. The project related to

DMVA in Fairbanks had prior year appropriations, one of which was limiting the location at which the appropriation could be used. The scope change was required in order to access the money for the project.

Mr. Steininger advanced to item 2, which was \$4.3 million related to the ability to access unanticipated federal funds in the Airport Improvement Program (AIP). Item 3 was a reappropriation of capital projects that had been completed with some money left over. The money was being reappropriated for the scope of emergency weather and catastrophic event response at DOT. Item 4 was a reduction of \$64 million in federal receipts at the University of Alaska (UA).

Representative Hannan asked about the statewide airport improvement contingency. She asked why the airports were listed under the Department of Administration (DOA).

Mr. Steininger responded that it was a typo and it should be listed under DOT.

Representative Josephson asked Mr. Steininger to explain item 4 in more detail.

Mr. Steininger replied that it referred to a capital project that had been brought forth in the prior year. The project was a grant that was pursued but ultimately it did not come through. It was unnecessary to continue to keep the project on the books.

Representative Josephson asked what the \$94.4 million figure on the spreadsheet represented. He wondered how it related to the \$64 million figure.

Mr. Steininger responded that he would defer the question to a representative from the university.

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ALESIA KRUCKENBERG, DIRECTOR OF STRATEGY PLANNING AND BUDGET, UNIVERSITY OF ALASKA (via teleconference), responded that it was a \$94.4 million grant that UAF [University of Alaska Fairbanks] had applied for but did not receive. There were still other opportunities for a reduced amount of federal funding. The university had requested that the \$64 million be taken from the \$94.4

million figure to leave a balance for any other awards UAF might receive.

Representative Josephson responded that his question had been answered.

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Mr. Steininger continued on the next handout, entitled, "FY 24 operating governor amend spreadsheet" (copy on file). He began with item 1 on the spreadsheet and indicated that it was similar to a request in the supplemental budget released at the end of January of 2023. The request was for \$80,000 in program receipt authority for administrative hearings for increases in cases on behalf of others. Item 2 was a technical adjustment swapping from capital improvement project receipts to inner agency receipts. It was a technical adjustment to a fund source in the budget with no net impact. Item 3 was adding a strategic human resources consultant to develop a strategic recruitment plan and assist at a statewide level on the ability to recruit statewide employees. Items 4 through 8 were already touched on in an earlier slide and were related to OPA and PDA. Items 9 through 14 related to salary and benefit adjustments that were omitted from the Department of Commerce, Community and Economic Development's (DCCED) initial budget submission.

Mr. Steininger advanced to page 2. Items 15 through 23 were also related to the salary and benefits adjustments that were omitted from DCCED's budget. Item 24 was an additional 12 staff and \$1.6 million in professional licensing receipts to address some of the significant recent workload increases. Items 25 through 29 were also related to the salary and benefit adjustments mission.

Mr. Steininger moved to page 3. Items 30 through 41 were also associated with salary adjustments. Item 42 was a one-time appropriation of \$5 million for the Alaska Seafood Marketing Institute (ASMI) to assist with efforts in marketing Alaska seafood and in business development in the state. Items 43 and 44 were salary and benefit adjustments.

Mr. Steininger moved to page 4. Items 45 through 48 were the last of the salary and benefit adjustments. Item 49 was an increase in the Department of Corrections (DOC) and was included in the supplemental budget as well. It would fund

an investigator responsible for the investigation of crimes committed by inmates. Item 50 was an increase in federal authority due to an increase in the federal funds made available to Department of Education and Early Development (DEED). Item 51 was moving the Technical and Vocational Education Program (TVEP) from the numbers section of the appropriation bill to the language section. There was a variable amount that paid into the program that would always come in as an estimate at the start of the year and had to be adjusted throughout the budget process. If it were to be moved to the language section, it would ensure that there would be an "estimated to be" appropriation. This would allow for the distribution to the grant recipients of the TVEP program to be adjusted based on actual collections rather than needing to be reliant on small supplemental budget adjustments when there was a change in the revenue into TVEP.

Mr. Steininger continued with item 52, which was a correction of a transaction type changing it from an ongoing increment of \$20,000 to a one-time increment. Item 54 was the FY 24 portion of the TEAME contract that he had discussed when detailing the supplemental section. Item 55 was an increase in fees in the program administration and operations section in postsecondary education related to a new regulation package. Item 56 was adjusting authority in the Department of Environmental Conservation (DEC) as uncollectable authority.

Co-Chair Edgmon referred to item 49. He asked for more information on \$250,000 being added for Alaska State Troopers (AST) to investigate crimes committed by inmates who were in custody. He noted that there were 18 inmate deaths in 2022 and he did not believe any of the deaths were considered homicides.

Mr. Steininger deferred the question to a representative from DOC.

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TERI WEST, ADMINISTRATIVE SERVICES DIRECTOR, DEPARTMENT OF CORRECTIONS, JUNEAU (via teleconference), responded that item 49 was a funding request intended to fund a full-time trooper to perform investigations but also to prevent suicides and ensure that there were timely recordings of the outcomes of the investigations. The intent was also to

establish cooperative efforts to streamline efficiencies when there were potential inmate felony misdemeanor criminal cases.

Co-Chair Edgmon appreciated the answer. He found it interesting because he thought the state was challenged in its low number of troopers. He understood the rationale but was processing the fact that \$250,000 was spent on investigating deaths.

Ms. West responded that the position would be for a retired DPS trooper to support the activity.

Co-Chair Edgmon would save his other question for later.

Representative Tomaszewski asked about item 42, which was the \$5 million appropriation for ASMI. He asked for the total value of the seafood produced annually in Alaska.

Mr. Steininger responded that he would have to follow up in writing.

Representative Tomaszewski asked if the \$5 million appropriation was the only appropriation for ASMI.

Mr. Steininger responded that ASMI was primarily funded by assessments paid in by those engaged in the seafood industry. The \$5 million appropriation was in addition to the primary funding source. The appropriation intended to add some state support to an otherwise fully industry-supported organization.

Representative Tomaszewski asked if the appropriation came straight from the general fund.

Mr. Steininger responded in the affirmative.

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Representative Hannan asked about item 56, which was to eliminate uncollectible interagency receipt authority. She asked why the state was uncollectable from its own agencies.

Mr. Steininger responded that inner agency receipt authority was generally used when one agency was doing work on behalf of another. Most of the time it involved granting

authority to the administration to conduct IT work or accounting work for another department. Sometimes a department might be working on a project outside of its expertise and it might need assistance from another department. For example, DEC might occasionally support a road project by DOT. The budgets for collaborative efforts were often an estimate and what DEC found was that the estimate was higher than the amount of work received and requested. A department could not collect the revenue related to a budget that overstated the actual resources held. Adjusting the budget would clarify the actual projections of the collections.

Representative Hannan understood that when DEC submitted the budget, the department estimated that it would have the responsibility of \$200,000 to \$300,000 more than other agencies had been using. She understood that no one was using the extra funding. She thought the term "uncollectable" was misleading. She understood that Mr. Steininger was stating that it was excess authority.

Mr. Steininger responded in the affirmative.

Representative Hannan added that she understood that vernacular and accounting terms were not the same.

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Mr. Steininger moved to page 5 and began on row 57, which would use federal receipts to fix office furniture in the DEC building in Anchorage. Item 58 was a federal grant related to contaminated Alaska Native Claims Settlement Act (ANCSA) lands. Item 59 was \$213,000 for a water infrastructure grant program. Item 60 represented the second year of funding for the same program. Item 61 was \$1 million awarded under the Good Neighbor Authority program to the Division of Water. Item 62 was about \$5 million for the assumption of primacy for the Section 404 program and would allow the state to take primacy over permitting activity. Item 63 was related to the Alaska Pioneer Homes (APH) and the recent change in how the rates would be calculated. Item 64 was to restore \$500,000 in Department of Fish and Game (DFG) funds that were ceased during the COVID-19 pandemic. Item 65 was a fund change to adjust for the way in which some of the administrative costs were accounted for at DFG. Item 66 was an increase in authority to support the facilities maintenance fees also at DFG.

Item 67 was \$900,000 of prior year collected program receipts that DFG wished to use in FY 24. Item 68 was \$150,000 for a subsistence harvest survey.

Mr. Steininger moved to page 6 and began with item 69, which was a security enhancement costing \$300,000 and adding two non-permanent positions within the Office of the Governor. Item 70 was reestablishing an audit unit in OMB that was a required activity under statute and had not been performed in a number of years. Item 71 was within DOH and was \$750,000 in a grant for a mental health program director. Item 72 was around \$700,000 in an Alaska Mental Health Trust Authority (AMHTA) item relating to crisis care grants. Item 73 was a unit of six individuals who would work on increasing the state's ability to collect recoveries and rebates as part of the Medicaid program. Item 74 was a \$2.4 million preschool development grant match in partnership with AMHTA. Item 75 was a \$75,000 recommendation by AMHTA for a comprehensive planning coordinator. Item 76 was also a recommendation made by AMHTA for \$300,000 related to the continuum of care grant. Item 77 was an additional AMHTA recommendation related to data collection for \$45,000. Item 78 was \$570,000 in program receipts for the public health laboratories to support the laboratories' work on behalf on non-state entities.

Co-Chair Johnson asked about item 74. She wondered if it could be applied to the states' preschools and whether it was part of the Alaska Reads Act.

Mr. Steininger would have to return to the committee with the answer.

Ms. Stern would follow up with the information.

Representative Hannan asked about item 69. She wondered how many security enhancements were currently in existence and why the enhancements were non-permanent.

Mr. Steininger deferred the question to a colleague.

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CHERI LOWENSTEIN, ADMINISTRATIVE SERVICES DIRECTOR, OFFICE OF THE GOVERNOR, JUNEAU (via teleconference), responded that if the positions were approved, there would be a total

of nine non-permanent employees. She explained that the positions were non-permanent because retired police officers were often hired to fill the roles. She thought the police officers were the most qualified for the job.

Representative Hannan asked if the positions had to be non-permanent because the prospective employees were retirees.

Ms. Lowenstein responded in the affirmative. She added that it was because if the officers were active employees, they would no longer be considered retired.

Mr. Steininger moved to page 7. Item 79 was another recommendation by AMHTA for \$50,000 for the Governor's Council on Disabilities and Special Education. Item 80 was an addition of a non-permanent position for an intern to help support the chief medical officer. It would be funded with existing resources. Item 81 was \$24.4 million for the Medicaid program and addressed the enhanced Federal Medical Assistance Percentage (eFMAP) and some federally required rate increases. Item 82 was a reduction of \$255,000 in the Department of Labor and Workforce Development (DLWD) that was a transfer from the commissioner's office to the management services section. The corresponding increase was found in item 84. Item 83 was related to the change of the numbers section to the language section for TVEP to allow it to be able to adjust with the estimated receipts into the program. Item 85 was \$93,000 in support for the governor's health conference that required some budget authority in order to execute. Item 86 was another adjustment related to TVEP. Item 87 was a criminal investigator related to election fraud conflict cases, homicides, felony sex offenses, and violent crimes in addition to matters under special prosecution within DOL. Item 88 was the addition of an Attorney IV for parental rights and education advocacy at a cost of \$200,000.

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Representative Josephson asked about item 88. He asked how Mr. Steininger envisioned the position functioning and how an employee might do the job.

Mr. Steininger had to defer the question regarding the job duties to the Civil Division.

Mr. Steininger moved to page 8 and explained that item 89 was an attorney to lead on tribal law issues. Item 90 was an adjustment to anticipated revenues within the commissioner's office in the Department of Military and Veterans Affairs. Item 91 was a fund change of unavailable authority to support the expansion of the Alaska State Defense Force (ASDF). Item 92 was the addition of a program coordinator to assist with the construction of the Alaska Veteran's Cemetery. Item 93 was a reversal of an item in the governor's budget of \$100,000 in the general fund. Item 94 was an additional reversal of \$272,000 in state park receipts to ensure that the parks had safe places for public access. Item 95 was a \$114,000 increment to fund a domestic violence and sexual assault investigator position. Item 96 was a federal directed fund for rural Alaska State Trooper housing. Item 97 reflected increased costs of leases at DPS because the houses in which the troopers were living had increased in price over the last year. Item 98 was an increase in dispatched services costs for the Soldotna Public Safety Communications Center. Item 99 was related to higher moving costs for troopers, particularly when moving to rural areas of the state. Item 100 was an increase related to vehicle operations and fuel within the supplemental in order to ensure that the depreciation on trooper vehicles would be funded.

Representative Hannan had a question about item 89 and hoped someone was available from DOL to respond. She was aware the attorney general had recently filed a suit against the federal government related to tribal land transfer issues. She wondered whether the attorney would work on both the contracting and the suit with the U.S. Department of the Interior.

Mr. Steininger responded that there was a representative from DOL available for questions.

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AMBER LEBLANC, ADMINISTRATIVE SERVICES DIRECTOR, DEPARTMENT OF LAW (via teleconference), would respond to the question in writing.

Mr. Steininger moved to page 9 and item 101, which was \$582,000 related to internet connectivity in rural posts within DPS. He added that item 101 was believed to be a temporary need as federal money for broadband was incoming.

Item 102 was \$60,000 related to an increase in costs for uniforms for Alaska Wildlife Troopers (AWT). Item 103 was \$1.8 million for AWT related to a variety of other rising costs. Item 104 was \$241,000 related to maintenance and depreciation of AWT vehicles. Item 105 was an increase of \$2.8 million for the Village Public Safety Officer (VPSO) program to add ten additional VPSOs and provide for for additional funding for housing allowances for existing VPSOs. Item 106 was a decrease in funding for startup costs for new positions within DPS. Item 107 was \$100,000 for AMHTA to fund discharge incentive grants within DOR. Item 108 was \$1.2 million associated with incentive compensation and the investment staff within the Alaska Permanent Fund Corporation (APFC). Item 109 was \$60,000 for the Central Highways and Aviation unit within DOT to ensure that restrooms on highway waysides were better maintained.

Representative Tomaszewski asked about the \$1.2 million funding for new staff under item 108. He asked how many staff would be added.

Mr. Steininger replied that he would return to the committee with the requested information.

Mr. Steininger continued to page 10 and explained that item 110 was \$1.3 million to add the Dalton Highway shift change, which involved moving the highway to a two-week on, two-week off schedule. The change would be funded using federal COVID-19 funds which had proved to be an effective way to recruit and retain staff. Item 111 was \$300,000 also for wayside improvements, but for the northern region of the highway. Item 112 was \$350,000 related to maintenance for the Sitka airport. Item 113 was \$50,000 related to rural airport cost increases. Item 114 was also related to a TVEP grant and was moving it from the numbers section to the language section of appropriation bill. Items 115 and 116 were both related to compensation increases and bargaining units for employees of UA. Item 117 was a technical change updating the description of the Washington, Wyoming, Alaska, Montana, and Idaho (WWAMI) program. Item 118 was also related to UA compensation increases.

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Mr. Steininger advanced to page 11 and indicated that item 119 was a recommendation by AMHTA for a training

cooperative at the Anchorage campus. Item 120 was an additional adjustment related to TVEP. Items 121 through 123 were related to compensation increases and bargaining unit agreements within UA. Item 124 was also a TVEP adjustment. Items 125 through 129 were all related to salary adjustments within UA or TVEP adjustments. He advanced to page 12 and explained that item 130 through item 142 were also related to UA salary adjustments or TVEP adjustments. All of the items on page 13 followed suit.

Representative Josephson asked for confirmation that the professor's union had a contract that was retroactive to July 1 if approved.

Mr. Steininger responded that he understood Representative Josephson to be correct but suggested that the question would be better suited for the representative from UA, Ms. Kruckenberg.

Ms. Kruckenberg asked for the question to be repeated.

Representative Josephson repeated the question. He thought professors were receiving 3 percent in FY 23. He understood that if approved, the increases would be retroactive to July 1, 2022.

Ms. Kruckenberg responded in the affirmative.

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Mr. Steininger moved to page 14 and explained that items 156 through 158 were related to the TVEP changes or the salary adjustments. Item 159 was a slight adjustment ensuring that there would be enough authority in the Alaska Commission on Judicial Conduct to fund the anticipated positions to be hired within the Alaska Court System (ACS).

Mr. Steininger moved to page 15 which began the language section of the appropriation bill and the associated amendments. Item 163 was an amendment to conform Alaska Industrial Development and Export Authority (AIDEA) dividend language to reflect the available cash. It was adopted subsequent to the appropriation bill released on December 15. Item 164 was a small correction to the language for the department of education related to multi-year federal appropriation. Item 165 was the language section portion of the aforementioned TVEP adjustments.

Item 166 was a language item associated with the previously mentioned Medicaid and public assistance item. Items 167 through 169 were also related to the TVEP adjustments.

Mr. Steininger moved to page 16 and indicated that items 170 through 181 represented the language section portion of the TVEP adjustments. He moved to page 17 and explained that items 182 and 183 were also associated with the TVEP change. Items 184 through 187 were adjustments to the debt service section of the appropriation bill. He added that DOR found that it was able to refinance old general obligation bonds to reduce the annual payments and would save about \$600,000 in FY 24. Item 188 was the adjustment to the TVEP language. Item 189 was a deposit into the election fund originating from a federal grant of \$1 million that was matched with \$200,000 in federal funds for election maintenance costs. Item 190 was a capitalization of \$7.5 million into the Renewable Energy Grant fund to make payments towards the grant recipients.

Mr. Steininger directed attention to the final spreadsheet, entitled "FY2024 Capital Governor Amend Bill Summary Spreadsheet" (copy on file). He explained that item 1 on the spreadsheet was \$1 million to address a backlog of aging IT infrastructure in state facilities. Item 2 was \$376,000 in Division of Motor Vehicles (DMV) receipts to remodel restrooms in the University Center DMV office. Item 3 was \$2.2 million to digitize payroll services within the Division of Finance's payroll section in order to make the process more automatic. Item 4 was \$1 million for a statewide salary survey. He noted that many of the job classes in the state were not consistent with salaries available in other states for the same type of work. The money would support a global study of all job classes to determine if the salaries paid by the state were competitive enough to recruit qualified personnel.

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Representative Josephson relayed that he had often heard that there would be a few classes of jobs within one or two departments. He understood from Mr. Steininger's description of item 4 that there would be a wholesale review of thousands of positions. He presumed that the survey would clearly illuminate the type of adjustments that would need to be made.

Mr. Steininger responded in the affirmative. He added that the hope was that the results of the survey would provide credible information to guide policymakers in addressing the issue of retention as it related to salary.

Representative Hannan asked if the survey included a geographical pay differential study.

Mr. Steininger responded that it did not.

Mr. Steininger continued on item 5, which was a removal of a \$10 million item related to the Alaska Gasline Development Corporation (AGDC) and its hydrogen hub project. As the corporation pursued the project, it found it was no longer viable for the state. Item 6 was a \$3.7 million grant for the new Energy Efficiency Revolving Loan Fund Capitalization Grant Program for the Alaska Energy Authority (AEA). Item 7 was \$74.5 million in home energy and high efficiency rebate allocations that were received from the federal government. Item 8 was the corresponding capital project related to the fund capitalization for round 15 of the renewable energy project grants. Item 9 was a \$5 million appropriation to the Alaska Travel Industry Association. Item 10 was \$10 million in federal receipts for the Fairbanks PM2.5 Nonattainment Area Voluntary Heating Device Change Out Program.

Mr. Steininger continued on item 11, which was \$1 million in federal funds for sportfish hatcheries deferred maintenance. Item 12 was an elections security project under the Help America Vote Act. Item 13 was \$7 million to address voter registration and election management systems. Item 14 was related to the replacement of the eligibility information systems and the transition off of the mainframe for DPS. Item 15 was additional funding for the state's homeland security grant program because the amount of the award was greater than the amount that was initially included in the budget request in December 2022. Item 16 was a summary of two projects that were congressionally directed spending projects through DMVA. One project was for Snag Point erosion mitigation and the other was for emergency response shelters.

Mr. Steininger continued on item 19, which was \$600,000 to address safety issues at the Geologic Materials Center Warehouse in Anchorage. The safety issues were an ongoing result of the earthquake in Anchorage in 2018. Item 20 was

\$1 million in federal funds for the second phase of the Potter Marsh Watershed Conservation Project. Item 21 was \$7.5 million for DPS to replace the patrol vessel enforcer which was no longer in use due to its condition. Item 22 was the addition of \$2.75 million in UGF and dividend payments for AHFC's special needs housing project which was unintentionally omitted from the governor's original budget. Item 23 was an adjustment to the state equipment fleet replacement project to ensure there was enough authority to replace depreciated vehicles. Item 24 was \$6 million from the Public Building Fund to address deferred maintenance of public buildings. Item 25 was a summary of several lines showing the net change involved in replacing certain DOT projects with other projects listed below on the spreadsheet. The initial budget proposal included a placeholder amount for the projects and the amendments across the following few pages included allocations for the specific projects. He indicated that he could read through each specific project or answer any questions the committee might have.

[3:04:59 PM](#)

Representative Hannan referred to item 17 and asked for the location of Snag Point.

Mr. Steininger responded that it was in Dillingham.

Mr. Steininger added that \$125 million in federal dollars would be coming into Nome for emergency repairs for the west coast Alaska storm. The dollars were outside of the breakout of the service transportation program. Otherwise, the items were the various portions of the raw federal program that were included in the original December budget.

Mr. Steininger moved to page 2 and explained that items 33 through 38 were all associated with the AMHS grant. Items 40 through 43 reflected the match associated with the surface transportation program. Items 45 through 68 were the allocations of the aviation improvement program, as were lines 69 through 84 on page 3. Item 96 on page 3 through item 222 on page 6 were the allocations of the surface transportation program itself. Each item showed which roads and which mile posts would be maintained or improved upon under the program.

Mr. Steininger continued on page 6 and the capital language section of the capital bill. There was a reappropriation of the Fairbanks Youth Facility project, which was inadvertently sent to DOH in the split of the Department of Health and Social Services. Instead, the facility should be under the Department of Family and Community Services.

Representative Tomaszewski asked if there was a total [UGF dollar amount] listed somewhere.

Mr. Steininger directed attention to slide 2 of the PowerPoint. The UGF totals were \$9.2 million in FY 23 and \$106.3 million in FY 24, for a total of \$115.5 million.

Co-Chair Edgmon reviewed the meeting agenda for the following week.

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ADJOURNMENT

[3:10:05 PM](#)

The meeting was adjourned at 3:10 p.m.