

HOUSE FINANCE COMMITTEE
March 13, 2023
9:01 a.m.

[9:01:53 AM](#)

CALL TO ORDER

Co-Chair Johnson called the House Finance Committee meeting to order at 9:01 a.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 Dan Ortiz
Representative Will Stapp
Representative Frank Tomaszewski
Representative Andy Josephson

MEMBERS ABSENT

Representative Sara Hannan

ALSO PRESENT

Neil Steininger, Director, Office of Management and Budget, Office of the Governor; Heidi Teshner, Deputy Commissioner, Department of Education and Early Development.

SUMMARY

PRESENTATION: DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT GOVERNOR'S AMENDMENTS UPDATE

HB 39 APPROP: OPERATING BUDGET/LOANS/FUND; SUPP

HB 39 was HEARD and HELD in committee for further consideration.

HB 41 APPROP: MENTAL HEALTH BUDGET

HB 41 was HEARD and HELD in committee for further consideration.

SUBCOMMITTEE CLOSEOUT REPORTS:

DEPARTMENT OF ADMINISTRATION
DEPARTMENT OF PUBLIC SAFETY
DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT

Co-Chair Johnson reviewed the agenda for the meeting.

#hb39

HOUSE BILL NO. 39

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; making reappropriations; making supplemental appropriations; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

#hb41

HOUSE BILL NO. 41

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

^PRESENTATION: DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT GOVERNOR'S AMENDMENTS UPDATE

9:03:40 AM

NEIL STEININGER, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, introduced the amended version of the governor's budget that was released on March 7, 2023. He explained that he would be walking through the amendments released by the governor related to Department of Education and Early Development (DEED).

Mr. Steininger began on item 1 of the spreadsheet "FY2024 Governor Amend Bill Summary Spreadsheet" (copy on file). Item 1 was \$4 million for the Alaska Native Science and

Engineering Program (ANSEP) to serve additional students. There was \$1 million for the program in the budget released by the governor on December 15, 2022, and the item would increase the amount by \$4 million for a total of \$5 million. He continued on item 2, which was \$1 million for Alaska Resource Education (ARE) grants. The organization's mission was to educate students about Alaska resources and resource development in the state. Item 3 was \$3 million for Career and Technical Education (CTE) grants. The grants would be awarded to programs that offered opportunities to build awareness, skills, and work-based learning experiences for high school students. Item 4 was \$3 million for a program that would aim to support teacher recruitment, retention, and certification. The funding would apply from FY 24 through FY 26 to allow for sufficient evaluation of the effectiveness of the program. Item 5 was \$5 million for the Alyeska Reading Academy and Institute (ARAI) which was designed to increase the quality of reading instruction. He noted that a representative from DEED was available for any questions.

[9:06:02 AM](#)

Representative Ortiz referred to item 1 of the spreadsheet. He understood that the change would involve providing more regional access including developing a school in Juneau along with some other locations. He thought there was a summer program for students that might not be able to attend ANSEP during other times of the year. He asked for more details about the vision for the summer program.

HEIDI TESHNER, DEPUTY COMMISSIONER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, responded that the \$5 million increment was specifically for the academy expansion and she did not have enough information about other programs. The program intended to enable eighth grade students to earn a bachelor's degree in five years.

Representative Ortiz asked what Ms. Teshner meant by a bachelor's degree.

Ms. Teshner responded that ANSEP allowed students to earn a bachelor's degree in five years or earn a number of credits towards a bachelor's degree. It intended to incorporate students into the workforce at an accelerated rate.

Representative Coulombe asked for more details on item 4 regarding the program to support teacher recruitment and retention. She wondered if the study involved analyzing whether the recruitment efforts were successful or if the study itself involved recruiting teachers.

Ms. Teshner responded that the study was supporting the teacher recruitment and retention efforts that were already happening within DEED. There was an action plan report dated April of 2021 that outlined six areas of improvement and the funding would help support the recommendations that were found in the report. In addition, the Board of Education and DEED were moving forward with an alternate certification pathway program and creating strategies to keep teachers and students in the state.

Representative Coulombe asked if any of the money went toward physicians.

Ms. Teshner responded in the negative.

[9:10:21 AM](#)

Representative Galvin asked whether the recruitment and retention efforts were inside or outside the state.

Ms. Teshner responded that the goal was to focus on in-state recruitment but the department was not opposed to looking out-of-state as well.

Representative Galvin asked if there was a sense of whether the resources would go towards the recruitment and retention efforts. She asked what the balance was between dedicating funds towards recruitment and retention efforts and towards the certification programs. She asked how the alternative certificate program might function.

Ms. Teshner responded that DEED was still working on the vision for the certificate program. The full recommendations had not yet been released. The department was still in the process of identifying the way in which the funds would be distributed.

Co-Chair Johnson suggested that committee members reference the item number when asking questions.

Representative Galvin clarified that she was still on item 4 of the spreadsheet. She asked whether Alaska Pacific University (APU), University of Alaska (UA), and other entities would be working in collaboration with the department.

Ms. Teshner responded that there would be collaboration between stakeholders, other departments, schools, and other entities to ensure that efforts were not duplicated.

Representative Galvin asked about line item 5 relating to the ARAI. She asked if the \$5 million funding would be used in its entirety in the following year or if it would be used over a longer period of time.

Ms. Teshner responded that the funding was for FY 24.

Representative Galvin thought the program looked fantastic. She wondered if there were complimentary resources that would be put towards early learning.

Ms. Teshner responded that DEED had the money that had been appropriated through the Alaska Reads Act (ARA) in addition to the funding that was already in the budget to support Pre-K grants. There was not any additional funding beyond what was already in place. She added that the \$5 million funding would also provide educators with a year-round opportunity to receive hands-on training on strategies for teaching reading.

Representative Galvin understood that the program would begin during 2023 and continue through 2024 and would serve 20 to 25 students in each grade level for a total of up to 100. She asked whether the funding would go towards 100 students total or if it would go towards 100 students per school.

Ms. Teshner responded that the funding would support the 12 permanent full-time teachers and administrative support professionals in addition to serving up to 100 students. The goal was for more students to be served as the program expanded and it was a starting point. The department was still trying to identify how the money would be broken out.

Representative Galvin hoped there would be a way to develop the program in a way that benefited more than 100 students.

[9:15:53 AM](#)

Representative Josephson asked who owned ARAI.

Ms. Teshner responded that the program would be run by the department. It was similar to the model for Alyeska Central School, which was a correspondence school that had closed down. She explained that ARAI was simply reinstating the model.

Representative Josephson asked if the second batch of amendments were solely intended for DEED or if there were other entities involved.

Mr. Steininger responded that the second batch of amendments were just for DEED.

Representative Ortiz referred to item 4. He understood that the alternate certificate program was still in the formation stage, but wanted more details on what the program was an alternative to and how the program might function.

Ms. Teshner responded that an example would be that the program would allow for accelerated education such as enabling paraprofessionals to complete coursework while also working in the field. Through the program, paraprofessionals might not be required to earn a full bachelor's degree but could perhaps test for competency. She reiterated that the program was still in the development stage and the department was looking to the university and other states for modeling.

Representative Ortiz referred to item 5. He assumed that ARAI would provide opportunities for teachers to fulfill their certifications as required under ARA. He asked if his understanding was correct.

Ms. Teshner responded in the affirmative.

Representative Ortiz understood that teachers would be able to attend a reading program to earn the certifications during the summer months. He asked whether there would be an online element or if training would occur strictly in person.

Ms. Teshner responded that the program would occur during the summer and that the current focus was on in-person instruction for teachers.

[9:19:27 AM](#)

Co-Chair Edgmon referred to item 5. He noted that there was a \$5 million request which included 12 permanent full-time positions. He asked if the positions would need to be recruited for or if the positions were already filled.

Ms. Teshner responded that prospective employees would need to be recruited for the positions.

Co-Chair Edgmon noted that item 5 necessitated highly trained teachers and reading coaches. He asked what impact the item would have on rural Alaska. He assumed that the teachers and coaches would have to travel to rural Alaska, which could be costly. He asked if it was fair to say that a significant portion of the \$5 million request would be dedicated to travel costs related to rural schools.

Ms. Teshner responded that she assumed it would accommodate travel, particularly for rural teachers. She suggested that it also would help cover housing in Anchorage because it would begin as an Anchorage-based facility. She thought it would support rural teachers and allow them to receive training because some small schools were a "one man shop."

Co-Chair Edgmon commented that he was supportive of the program, but that it would be interesting to look back at it in the future to see whether it was successful.

Representative Cronk asked if retired reading specialists could fill the positions.

Ms. Teshner responded that she would love to hire a retired reading specialist to support the efforts.

^SUBCOMMITTEE CLOSEOUT REPORTS:

[9:22:34 AM](#)

Co-Chair Johnson announced that the committee would be hearing subcommittee closeout reports.

^DEPARTMENT OF ADMINISTRATION

[9:23:14 AM](#)

Representative Coulombe gave the overview for the Department of Administration (DOA) subcommittee. She relayed that the committee met five times to review the governor's FY 24 budget proposal and recommended five changes. She read the following recommendations from the report titled, "HFIN Subcom BA Sheet w GovAmend" (copy on file) as follows:

A total of \$86.7 million in unrestricted general funds (UGF), \$31.9 million in designated general funds (DGF), \$205.9 million in other funds, and \$1.4 million in federal funds for a total of \$325.9 million. Compared to the FY 24 adjusted budget, the recommendations of the subcommittee represented an increase of \$9.8 million in UGF, an increase of \$2 million in DGF, an increase of \$112,000 in federal funds, and a reduction of \$607,000 in federal funds, for a total increase of \$11.4 million. There were 1,289 permanent full-time positions within DOA, seven permanent part-time positions, and 25 temporary positions for a total of 1,321 positions. After discussing each of the transactions in detail, the subcommittee proposed two amendments but did not adopt either amendment.

Representative Josephson asked for more details about the nature of the amendments.

Representative Coulombe responded that she did not recall.

[9:25:44 AM](#)

AT-EASE

[9:27:29 AM](#)

RECONVENED

[9:27:34 AM](#)

Co-Chair Johnson wanted to ensure that Representative Coulombe was prepared for the question. She noted that she did not expect members to be prepared to speak to information that was not included in the subcommittee report. She expressed that the finance subcommittee process was exhaustive.

Representative Josephson commented that he would look into the information about the amendments that did not pass. He asked about page 3 of the report and item 21 relating to the funding recommendation for caseload stabilization for the Public Defender Agency (PDA). He understood that the recommendation represented the total amounts desired by the agency and the governor.

Co-Chair Johnson asked Representative Josephson to repeat the question.

Representative Josephson reiterated that the transaction comparison included the governor's amendments and all items that the agency wanted in FY 24.

Co-Chair Johnson understood that the item represented everything that had been presented up until the present time.

Representative Coulombe responded that she shared the same understanding as Co-Chair Johnson.

Representative Coulombe noted that the two amendments were related to public radio and disability services. The first amendment proposed a \$1.5 million increase for public radio and the second was \$100,000 in UGF for the Governor's Council on Disabilities and the Alaska Work Matters Task Force.

Co-Chair Johnson invited other questions on the DOA subcommittee report.

[9:31:16 AM](#)

AT-EASE

[9:31:31 AM](#)

RECONVENED

^DEPARTMENT OF PUBLIC SAFETY

[9:31:41 AM](#)

Representative Coulombe presented the report from the Department of Public Safety (DPS) subcommittee. She read from the report entitled "DPS Spreadsheet" (copy on file):

The finance subcommittee reviewed the governor's FY 24 budget proposal and recommended several changes: \$235.1 million in UGF, \$9.4 million in DGF, \$16.4 million in other funds, and \$39 million in federal funds for a total of \$299.9 million. Compared to the FY 24 adjusted base, the subcommittee's recommendations represented an increase of \$21.9 million in UGF, \$653,800 in DGF, \$2.8 million in other funds, and \$3.1 million in federal funds for a total increase of \$25.9 million in all fund sources. She relayed that DPS had 951 permanent full-time positions, 12 permanent part-time positions, and 19 temporary positions for a total of 1,013 positions. After reviewing and discussing each of the governor's proposed transactions in detail, the subcommittee adopted all items with unanimous consent.

Representative Coulombe explained that it was the intent of the chair that the Council on Domestic Violence and Sexual Assault (CDVSA) be relocated from DPS and into an agency where its mission and scope of duties could be completely supported. She continued to read from the subcommittee report:

The committee received one friendly amendment on behalf of the chair. The proposed amendment replaced the governor's one-time increment of \$3 million in general funds with an increment of \$3 million in restorative justice account funds. After discussion, the amendment was withdrawn due to insufficient statutory authority. The chair intended to propose legislation to increase CDVSA's statutory authority and ensure that the council received a larger portion of the funds than it was currently receiving. She relayed that the council needed more stable funding and an increase in funding for outreach. The subcommittee hoped to move the council to a department that could offer better support and hoped to increase the council's percentage of restorative justice funds.

Representative Josephson noted that he had met with Ms. Brenda Stanfill [the executive director of the Alaska Network on Domestic Violence and Sexual Assault (ANDVSA)] to speak about funding options. He relayed that Ms. Stanfill saw a long-term sustainability problem within the council. He asked if CDVSA had the funds it needed for FY 24.

Representative Coulombe responded in the affirmative and added that the \$3 million request made by CDVSA was approved to move forward. She was working on a strategy to use restorative justice funds for the \$3 million funding for CDVSA rather than pulling the funds from UGF.

[9:36:02 AM](#)

Co-Chair Johnson invited the next subcommittee report.

^DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT

[9:36:14 AM](#)

Representative Coulombe emphasized that the support from members from DEED was valuable and the members were helpful in the subcommittee process. She read through the report titled "Education & Early Development (Fin Sub) Committee" (copy on file) as follows:

The Finance Budget Subcommittee for the Department of Education and Early Development reviewed the Governor's FY 24 budget proposal and recommends the items contained in the below details.

Recommendations:

Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF)	\$69,984.2
Designated General Funds (DGF)	\$26,268.2
Other Funds	\$36,478.6
Federal Funds	\$270,083.5
Total	\$402,814.5

Compared to the FY24 adjusted base, the subcommittee recommendations represent a decrease of \$14,845.9 in UGF (-17.5%), an increase of \$23,480.9 in DGF (842.4%), an increase of \$2,140.0 in other funds (6.2%), and an increase of \$22,357.5 in Federal Funds (9.0%), for a total of \$33,132.5.

After reviewing and discussing each of the Governor's proposed transactions in detail, the subcommittee made numerous recommendations, as well as adopted an amendment put forward by a member during the final meeting.

Further, it is the intent of the Chair to bring forward an amendment in the full Finance Committee, and to work with the members on the committee, to recommend three Cultural Specialist positions for the department instead of two Reading Specialist positions to assist in implementing the Alaska Reads Act.

Representative Coulombe clarified that she had added three new Reading Specialist positions at the recommendation of Representative CJ McCormick. She continued reading from the report:

The Chair set a deadline and welcomed amendments from all members. The committee received eight amendments, one of which was adopted to expand the Best Beginnings' Dolly Parton Imagination Library program as outlined above.

[9:39:12 AM](#)

Co-Chair Johnson asked Representative Coulombe to detail the specific budget actions.

Representative Coulombe read through the significant budget actions taken by the committee:

- Education Support and Admin Services – Rejected the Governor's \$900.0 (UGF) request for a Student Information System and Predictive Data Dashboard.
- Alaska State Libraries, Archives and Museums – Returned UGF authority to FY22 actuals.
- Education Support and Admin Services – Fund source change for the ANSEP program's \$1,000.0 appropriation from UGF to the Higher Education Investment Fund
- Education Support and Admin Services – Reject \$385.0 (UGF) in Review Panel Costs Associated with
- FY24 Fiscal Note Projection for HB 114 (Alaska Reads Act)
- Education Support and Admin Services – Add 2 Reading Specialist Positions for an additional \$258.8 (UGF).
- Education Support and Admin Services – Replace GF/Program Receipts with I-IGF to offset teacher certification fees in the amount of \$126.2.

- Education Support and Admin Services – Add \$320.0 (UGF) for the Imagination Library to increase outreach.
- Alaska Commission on Postsecondary Education – Add intent language directing the ACPE direct its resources to student completion of the Free Application for Federal Student Aid (FAFSA) and require a report on such.

[9:44:35 AM](#)

Representative Josephson referred to the item related to the Alaska State Libraries returning UGF authority. He thought it seemed to imply there was a reduction and that the governor wanted more funding. He asked what the difference was between the governor's desired outcome and the outcome decided upon by the subcommittee.

Representative Coulombe responded that she thought the difference was about \$402,000. The funds would be coming out of library operations. The vacant positions would account for about half of the fundings.

Co-Chair Johnson indicated that subcommittee reports had been completed.

[9:46:08 AM](#)

Co-Chair Johnson announced the agenda for the afternoon's meeting.

HB 39 was HEARD and HELD in committee for further consideration.

HB 41 was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

[9:46:29 AM](#)

The meeting was adjourned at 9:46 a.m.