

HOUSE FINANCE COMMITTEE
March 13, 2023
1:33 p.m.

[1:33:12 PM](#)

CALL TO ORDER

Co-Chair Johnson called the House Finance Committee meeting to order at 1:33 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

Sue Stancliff, Staff, Representative Mike Cronk; Doug Wooliver, Deputy Administrative Director, Alaska Court System; Alexei Painter, Director, Legislative Finance Division; Katie McCall, Staff, Representative Frank Tomaszewski; Michaela Anderson, Staff, Representative Frank Tomaszewski; Michael Partlow, Fiscal Analyst, Legislative Finance Division.

SUMMARY

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 FISH AND GAME
JUDICIARY
DEPARTMENT OF LAW
DEPARTMENT OF NATURAL RESOURCES
DEPARTMENT OF ENVIRONMENTAL CONSERVATION
DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

Co-Chair Johnson reviewed the meeting agenda.

#hb39

#hb41

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."

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."

[1:34:05 PM](#)

^SUBCOMMITTEE CLOSEOUT REPORTS

[1:34:09 PM](#)

^DEPARTMENT OF FISH AND GAME

[1:34:22 PM](#)

Representative Cronk reviewed the subcommittee recommendations for the Department of Fish and Game (DFG):

The House Finance Budget Subcommittee for the Department of Fish and Game held a total of six meetings, two items were modified from the Governor's requested base budget to One-Time Increments and submits the following recommended operating budget for FY24 to the House Finance Committee:

RECOMMENDATIONS:

Fund Source: (dollars are in thousands)
Unrestricted General Funds (UGF) \$65,092.5
Designated General Funds (DGF) \$13,121.3
Other funds \$75,670.9
Federal funds \$88,577.4
Total \$242,462.1

Compared to the FY24 Adjusted Base, the Subcommittee recommendations represent an increase of \$3,462.8 {5.6%} in Unrestricted General Funds, a decrease of \$936.7 (6.7%) in Designated General Funds, \$9,021.2 in Other state funds (13.5%), and a decrease of \$43.5 (0.0%) in Federal funds, for a total increase of \$11,503.8 (5.0%) for all fund sources.

Positions:

Permanent Full-time 819
Permanent Part-time 596
Temporary 1
Total 1,416

BUDGET ACTIONS:

After reviewing and discussing each of the Governor's proposed transactions in detail, the Subcommittee adopted all items by unanimous consent. Two items were modified from the base budget to One-Time Increments.

Some of the highlights of these items are:

- Assessment and management projects for the Arctic-Yukon-Kuskokwim (AYK) Region Fisheries Management area in the amount of \$285.0 of general funds.

- Alleviate Shortfall of Crab Test Fishery Receipts with a One-Time Increment of general funds in the amount of \$1,000.0.
- Authorized Wildlife Conservation to utilize the Fish and Game Fund with a One-Time Increment of \$5,000.0.
- Authorized the state match for increased Pittman-Robertson funding with \$2,080.1 of Fish/Game funds.

SUBCOMMITTEE AMENDMENTS:

The Chair set an amendment deadline, welcomed amendments from all members, and the committee received two amendments, neither were adopted.

ATTACHED REPORTS:

The House Finance Budget Subcommittee for the Department of Fish and Game adopted the attached reports:

- DFG Agency Totals
- DFG Transaction Compare: Adjusted Base+ to House Subcom
- DFG Transaction Compare: 24 Gov Amend to House Subcom
- DFG Wordage

[1:37:16 PM](#)

Co-Chair Johnson asked for more detail on the four highlighted items.

SUE STANCLIFF, STAFF, REPRESENTATIVE MIKE CRONK, reviewed detail on the four items beginning with the assessment and management projects for the Arctic-Yukon-Kuskokwim Region fisheries management area. She explained that over the past eight years the division had reduced numerous assessments and management projects. She noted those reductions had been treated as short-term. Over time the division had been left with a decrease in accurate information for the efficiency and management of fisheries.

Ms. Stancliff addressed the second budget highlight related to a one-time increment aimed at alleviating the shortfall of crab test fisheries.

Co-Chair Johnson asked if it had been a department and governor's request.

Ms. Stancliff agreed.

Representative Cronk referenced the crash in the crab fishery. He explained that when test fisheries were conducted, the catch could be sold to recover the cost. It was the reason for the request.

Ms. Stancliff reviewed the increment to authorize Wildlife Conservation to utilize the Fish and Game Fund with a one-time increment of \$5 million. She noted the increment was in the governor's budget.

Co-Chair Johnson asked for verification the increment was in the governor's amended budget.

Ms. Stancliff agreed. The subcommittee chose to authorize the funding as a one-time increment. Lastly, the subcommittee authorized the state match for increased Pittman-Robertson funding with \$2,080,000 from the Fish and Game Fund.

[1:40:21 PM](#)

Representative Ortiz asked about the "other funds" category. He asked what went into other funds. He wondered if other funds included revenue generated for DFG by test fisheries and other things.

Ms. Stancliff replied that the other funds were state designated receipts from test fisheries and Commercial Fisheries Entry Commission (CFEC) receipts. She clarified the changes were not changes to the governor's budget other than the one-time increment.

Representative Ortiz asked if the total number of positions remained consistent from the previous year.

Ms. Stancliff replied the number was consistent.

Representative Hannan asked for more information about the subcommittee's action to switch the \$5 million increment for wildlife conservation to a one-time appropriation. She noted closeout language indicating the governor's proposal was to maintain prior level authorization. She wondered if it was for one year and would not be needed in the future.

Ms. Stancliff replied that in FY 23 the legislature considered replacing \$5 million in Fish and Game Fund authority with a one-time increment of undesignated general funds (UGF). The fund source had subsequently been changed back to the Fish and Game Fund and retained a one-time increment. The governor's budget maintained the Fish and Game Fund authority. The subcommittee recommended maintaining the funding for reevaluation the following year.

Representative Hannan asked if the \$5 million was designed to be used for projects in one fiscal year.

Ms. Stancliff replied that she would follow up with an answer.

[1:43:36 PM](#)

Representative Cronk shared there had been some great conversations during the subcommittee process. He highlighted concerns about the Yukon-Kuskokwim fish runs, crashes in crab stock, bycatch waste, and enforcement issues pertaining to commercial fisheries. He stated that the items had all been brought up during the subcommittee process. He noted that one of the department's research vessels, the Pandalus, was no longer in service and would be a capital budget issue. There were numerous issues, and he hoped the department would continue addressing them.

^JUDICIARY

[1:44:47 PM](#)

Representative Cronk reviewed the subcommittee recommendations for Judiciary:

The House Finance Budget Subcommittee for the Judiciary held a total of four meetings and submits the following recommended operating budget for FY24 to the House Finance Committee:

RECOMMENDATIONS:

Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF) \$136,212.9
Designated General Funds (DGF) \$518.0
Other Funds \$2,531.1
Federal Funds \$1,280.3
Total \$140,542.3

Compared to the FY24 Adjusted Base, the Subcommittee recommendations represent an increase of \$2,260.8 (+1.7%) in Unrestricted General Funds, \$280.0 (+12.4%) in Other Funds, \$304.7 (+31.2%) in Federal Funds, for a total of \$2,845.5 for a total increase of 2.1% all funds.

Positions:

Permanent Full-time 748
Permanent Part-time 39
Temporary 5
Total 792

Co-Chair Johnson noted that Alexei Painter, Director, Legislative Finance Division (LFD) was also in the room in addition to staff from the Court System.

Representative Cronk spoke to the budget actions on page 2 of the narrative:

BUDGET ACTIONS:

After reviewing and discussing each of the Governor's proposed transactions in detail, the subcommittee adopted all items by unanimous consent.

Some of the highlights of these items are:

- Standing Master/Magistrate Judge to handle cases in Palmer. \$294.3 UGF
- Replaced \$10,586.3 GF with \$10,586.3 of Coronavirus State and Local Recovery Fund (CSLFRF) within ARPA.
- Replaced \$250.0 of State Designated Receipt Funds with \$250.0 Federal Receipts.

SUBCOMMITTEE AMENDMENTS:

The Chairman set an amendment deadline, welcomed amendments from all members, the committee received no amendments.

ATTACHED REPORTS

The House Finance Budget Subcommittee for the Judiciary adopted the attached reports:

- JUD Agency Totals
- JUD Transaction Compare: Adjusted Base + to House Subcom
- JUD Wordage

[1:47:11 PM](#)

Co-Chair Edgmon asked if it was the first time the title Judiciary had been used as opposed to the Court System.

Ms. Stancliff replied that the LFD reports referred to the department as Judiciary so that is what she had used.

Representative Hannan asked about the addition of a judge in Palmer. She wondered if there was an existing courtroom and if costs would be one-time or ongoing.

Representative Cronk deferred to the department.

DOUG WOOLIVER, DEPUTY ADMINISTRATIVE DIRECTOR, ALASKA COURT SYSTEM, replied that the Court System would not be needing a new courtroom for the particular magistrate judge, although the previous year the legislature appropriated design funding for a remodel of the Palmer courthouse, which was currently underway. The Court System anticipated coming back to the legislature in the next year or two to request funding to expand the court to make room for additional judicial officers. He believed some of the request would be one-time funding, but he would check and follow up.

Representative Hannan asked for the current number of judges. She asked if additional support staff would be needed with the addition of another judge.

Mr. Wooliver answered that the appropriation included one additional support staff.

Representative Ortiz referenced the budget action replacing \$10,586,300 GF with \$10,586,300 in Coronavirus State and Local Recovery Fund (CSLFRF) and American Rescue Plan Act (ARPA) funds. He asked if the committee could assume the action was a one-time savings of general funds and that the \$10 million would reappear under general funds in the following budget cycle. He asked if the appropriation used the remaining CSLFRF and ARPA funds.

Ms. Stancliff replied that it was her understanding the increment used the remaining ARPA funding. She remarked that LFD staff were nodding in agreement.

^DEPARTMENT OF LAW

1:51:28 PM

Representative Cronk reviewed the subcommittee recommendations for the Department of Law (DOL):

The House Finance Budget Subcommittee for the Department of Law held a total of four meetings and submits the following recommended operating budget for FY24 to the House Finance Committee:

RECOMMENDATIONS:

Fund Source: (dollars are in thousands)
Unrestricted General Funds (UGF) \$68,893.5
Designated General Funds (DGF) \$2,900.5
Other Funds \$33,613.9
Federal Funds \$2,244.9
Total \$107,652.8

Compared to the FY24 Adjusted Base, the Subcommittee recommendations represent an increase of \$1,561.7 (+2.3%) in Unrestricted General Funds for a total increase of 1.5% all funds.

Positions:

Permanent Full-time 555
Permanent Part-time 0
Temporary 0
Total 555

BUDGET ACTIONS:

After reviewing and discussing each of the Governor's proposed transactions in detail, the subcommittee adopted all items by unanimous consent.

Some of the highlights of these items are:

- Software and Storage for Audio/Visual Evidence in Criminal Cases \$400.0 UGF
- Expand Internet Connectivity for Rural Prosecution Offices \$350.0 UGF, this is a One-Time Increment
- Criminal Investigator for Election Fraud, Rural Homicide/Felony Sex Offense/other Violent Crimes. \$143.7 UGF
- Added Attorney to Specialize and Lead on Tribal Law Issues. \$209.0 UGF
- Added Attorney for Parental Rights in Education Advocate. \$209.0 UGF

SUBCOMMITTEE AMENDMENTS:

The Chairman set an amendment deadline, welcomed amendments from all members, the subcommittee received two amendments, neither were adopted.

ATTACHED REPORTS

The House Finance Budget Subcommittee for the Department of Law adopted the attached reports:

- LAW Agency Totals
- LAW Transaction Compare: Adjusted Base + to House Subcom
- LAW Wordage

[1:53:31 PM](#)

Representative Josephson stated that the two amendments offered [in subcommittee] focused on [new] positions for election fraud and parental rights. He remarked that Representative Cronk had specified in the subcommittee budget narrative [shown above] that the items had been adopted with unanimous consent. He stated that perhaps in the final analysis after the amendments had been defeated there was effectively unanimous consent. He asked for

verification that minority members had opposed the positions.

Representative Cronk agreed.

Representative Ortiz remarked that the committee had been asked to consider a \$10 million increment for statehood defense. He asked if it was a capital budget item. He wondered if it was not something that had been dealt with in subcommittee.

Representative Cronk believed the increment was in the capital budget; it had not been discussed by the subcommittee.

Representative Galvin understood that one of the amendments [offered in subcommittee] was related to an investigator position with two roles including elections and felony sex offence. She stated her understanding an expert would be hired in the Court System to address both areas. She asked how the position came to be included under DOL as opposed to the Department of Corrections (DOC) or the Department of Public Safety (DPS).

[1:55:46 PM](#)

Ms. Stancliff answered the position was expected to be used for elections 25 percent of the time because election cycles were every two years. The position would also be used in rural investigations for homicide, sexual assault, and other crimes.

Representative Galvin asked if there had been no concern about the ability to find a person with expertise in elections and criminal casework in rural Alaska.

Ms. Stancliff answered the department had been looking primarily at filling the position with a retired state trooper who had the background in investigation.

Representative Hannan asked if DOL had other investigators for specific areas of crimes. She wondered if the state generally depended on DPS for investigations of crimes. She asked if it would be the first time DOL would have its own independent investigator.

Ms. Stancliff confirmed the investigator position was something new for DOL. She explained that if someone had a specific problem with an election, DOL could not really call the troopers to investigate because it was not a high enough priority; therefore, it made sense to house the position within DOL.

[1:57:53 PM](#)

Representative Hannan referenced the intent for the position to spend 75 percent of its time on sex crimes and ongoing problems that DPS frequently covered. She asked if the position would report to DPS when it switched hats away from election fraud. Alternatively, she wondered whether there would be an independent investigator investigating crimes that DPS was also investigating.

Ms. Stancliff replied that the staff would remain under DOL and would focus on crimes that were already being investigated. She did not know the specific details.

Co-Chair Johnson noted the conversation had occurred when the department had been before the committee.

Representative Hannan was trying to discern whether the subcommittee had received a fuller answer than the committee had received from the department.

Co-Chair Edgmon remarked that the operating budget was a mammoth document and there was no way for committee members to be experts on all items; however, there were budget items with policy implications. One included the proposal related to elections fraud. He recalled the new director of the Division of Elections had recently indicated there was no evidence of fraud in Alaska, yet the presentation the committee had received had been basically built around election fraud. He stated that he was remiss for not bringing the subject up with DOL, but the increment of \$209,000 for a new attorney focused on parental rights in education advocacy had not previously caught his attention. He stressed it was an extremely controversial issue that to his knowledge had not been in the budget in the past. He had been present when Erin's and Bree's Law had passed in 2016 and he thought the legislation called for an investigator. He observed that the position had all of a sudden appeared along with other legislation from the governor. He agreed it was not in the purview of the

subcommittee to make any grand announcements; however, the increments were big ticket items that he believed would generate significant discussion throughout the budget process in both bodies.

[2:01:19 PM](#)

Representative Josephson shared the concern with Co-Chair Edgmon. He stated he had not been at the governor's press conference but the subject had been reported as parents needed help to know how to sue their districts. He believed the governor must have made the statement unless the journalist was wildly wrong. He found it concerning.

Representative Cronk remarked the election fraud had been brought up and there were an increasing number of cases. He stated whether it was one case or 25 cases it was still important to someone. He was supportive of the increment. He was a retired teacher and did not believe there was anything more important than parental rights. He believed parents needed a voice and would likely support the increment if it would help with that goal. He understood it could be a political issue.

^DEPARTMENT OF NATURAL RESOURCES

[2:02:54 PM](#)

Representative Cronk reviewed the subcommittee recommendations for the Department of Natural Resources (DNR):

The House Finance Budget Subcommittee for the Department of Natural Resources held a total of four meetings and submits the following recommended operating budget for FY24 to the House Finance Committee:

RECOMMENDATIONS:

Fund Source: (dollars are in thousands)
Unrestricted General Funds (UGF) \$72,611.0
Designated General Funds (DGF) \$43,890.1
Other Funds \$41,077.4
Federal Funds \$18,430.9
Total \$176,009.4

Compared to the FY24 Adjusted Base, the subcommittee recommendations represent no increase in Unrestricted General Funds, an increase of \$504.3 (+1.2%) in Designated General Funds, \$1,419.2 (+3.6%) in Other State Funds, and an increase of \$300.0 (+1.7%) in Federal Receipts, for a total of \$2,223.5, or 1.3% of all funds.

Positions:

Permanent Full-time 726

Permanent Part-time 230

Temporary 58

Total 1,014

BUDGET ACTIONS:

After reviewing and discussing each of the Governor's proposed transactions in detail, the subcommittee adopted all items by unanimous consent.

Some of the highlights of these items are:

- Authorized continued funding of positions (created in FY22) for processing applications for Mining Permits and Hard Rock Exploration support. \$231.9 GF/Prgm (DGF)
- Increased Capital Receipt Authority (CIP) in Forest Management & Development. \$360.0 CIP Receipts.
- Funded Park maintenance and operational costs for Chena River, Big Lake North, Big Lake South, and Rocky Lake. \$272.4 General Fund.
- Accepted the Enhanced Federal Support for the Boating Safety Program. \$300.0 Federal Receipts.

SUBCOMMITTEE AMENDMENTS:

The Chair set an amendment deadline, welcomed amendments from all members, and the committee received one amendment. The amendment was not adopted.

ATTACHED REPORTS

The House Finance Budget Subcommittee for the Department of Natural Resources adopted the attached reports:

- DNR Agency Totals
- DNR Transaction Compare: Adjusted Base + to House Subcom
- DNR Wordage

[2:05:33 PM](#)

Representative Hannan asked about the additional park maintenance. She observed there was \$100,000 for concessionaire incentives for the parks [Chena River, Big Lake North, Big Lake South, and Rocky Lake]. She looked at the additional increment of \$272,000 for general maintenance for the parks. She asked if any other parks needed additional maintenance. She asked if the specific parks listed were especially over budget or under maintained. She wondered if there were details identifying how the funding was divided between the specified parks.

Representative Cronk did not know all of the details but believed the specific parks had been shut down the previous year. The department was trying to determine how to reopen the parks because they were highly utilized.

Representative Hannan shared that she and Representative Cronk had previously served on the [DNR] subcommittee as resource committee members and she recalled dialogue on the parks. She explained that there had been an effort to move to digital fee payments, especially for highly utilized parks, in order to increase usage with lower staffing. She asked if the four parks had the digital fee payment capability or if concessionaires were needed to reopen the parks.

Representative Cronk replied that he did not have the answer.

Ms. Stancliff replied that the parks outsource operations in some of the units to concessionaires, but the division did not provide funding to concessionaires who generate revenue through user fees. She cited the LFD explanation related to the increment. The contracts were offered competitively through the department's procurement process. She elaborated that Big Lake North, Big Lake South, and Rocky Lake had been contracted over a decade, but the department was unsuccessful in three recent attempts to find a concessionaire for the facilities. As a result, the

division stepped in to operate the units assuming additional costs.

[2:08:14 PM](#)

AT EASE

[2:09:26 PM](#)

RECONVENED

Representative Cronk asked to hear from Mr. Painter.

ALEXEI PAINTER, DIRECTOR, LEGISLATIVE FINANCE DIVISION, clarified that governor's original amendment had been \$100,000. The governor's amended budget had replaced the increment with \$272,800 [\$272,400] for the same purpose. The department indicated the amount reflected the actual expected cost rather than a portion. He confirmed that the three parks mentioned [Big Lake North, Big Lake South, and Rocky Lake] were contracted previously and the other area had been contracted and subsequently moved back to the department and reopened the past year.

Representative Hannan asked for verification the original budget that referenced concessionaire was irrelevant because the parks would operate within state management due to the lack of concessionaires.

Mr. Painter replied affirmatively. The department had been unsuccessful in finding concessionaires and planned to manage the parks internally.

Representative Galvin noted that Mr. Painter had mentioned the increment of \$272,800. She saw the item listed as \$272,400. She asked which number was accurate.

Mr. Painter replied that he did not have the figure on hand and confirmed that the number could be \$272,400.

[2:11:40 PM](#)

Representative Ortiz looked at the continued funding of positions responsible for authorizing mining permits. He asked if there was any conversation during subcommittee about understaffing for permitting of mariculture projects.

Representative Cronk did not recall.

Representative Ortiz noted it seemed strange, but mariculture fell under the purview of DNR.

Representative Cronk thanked everyone who had been present the previous year for passing HB 209 because the Chena River Park had many issues and the bill had been used to enlist a fire crew to clean up the area and the park had been reopened. He stated that forestry was likely the biggest issue encountered with DNR. He stressed that forestry was vital for small communities in rural Alaska. He stated it had been a perfect example of government keeping the industry at bay. He highlighted a \$60 million request in fire money and suggested that better management of forests may result in the ability to reduce the firefighting costs. He was hoping for more investment in forestry. He stated the governor and commissioner concurred on creating a sustainable forestry industry with long-term sales.

Co-Chair Johnson thanked Representative Cronk. She reviewed the upcoming departments.

[2:14:42 PM](#)

AT EASE

[2:15:18 PM](#)

RECONVENED

^DEPARTMENT OF ENVIRONMENTAL CONSERVATION

[2:15:26 PM](#)

Representative Tomaszewski asked his staff to review the subcommittee recommendations for the Department of Environmental Conservation (DEC).

KATIE MCCALL, STAFF, REPRESENTATIVE FRANK TOMASZEWSKI, reviewed the DEC subcommittee recommendations:

The House Finance Budget Subcommittee for the Department of Environmental Conservation held a total of five meetings, made no changes to the Governor's request, and submits the following recommended operating budget for FY24 to the House Finance Committee:

RECOMMENDATIONS:

Fund Source: (dollars are in thousands)
Unrestricted General Funds (UGF) \$26,551.5
Designated General Funds (DGF) \$22,223.6
Other Funds \$20,428.6
Federal Funds \$45,626.0
Total \$114,829.7

Compared to the FY24 adjusted base, the subcommittee recommendations represent an increase of \$6,542.9 (+32.7%) in Unrestricted General Funds, \$250.0 (+1.1%) in Designated General Funds, \$5,700.1 (+14.3%) in Federal Funds, as well as a decrease of \$297.8 (-\$1.4%) in other funds, for a total increase of \$12,195.2 (+11.9%) of all funds.

Positions:
Permanent Full-time 548
Permanent Part-time 0
Temporary 7
Total 555

Budget Action:

After reviewing and discussing each of the Governor's proposed transactions in detail, the subcommittee adopted all items.

Some of the highlights of these items are:

- 10 new permanent full-time positions in the Division of Air Quality: \$1,564.7 UGF
- 28 new permanent full-time positions for Assumption of 404 Program: \$4,965.3 UGF

Subcommittee Amendments:

The Chair set an amendment deadline, welcomed amendments from all members, and the committee received one amendment, which was not adopted.

Attached Reports:

- DEC Agency Totals
- DEC Transaction Compare: Adjusted Base + to House Subcommittee

- Wordage

[2:19:44 PM](#)

Representative Hannan asked about the [state] assumption of the Section 404 program. She asked if there had been any description or discussion on whether any statutory changes were needed to stand up the program that would initially have 28 technical staff.

Ms. McCall replied that based on what the subcommittee had heard, there were no statutory changes required. She read from an overview of the Clean Water Act:

The Governor of any State desiring to administer its own individual and general permit program for the discharge of dredged or fill material into the navigable waters... within its jurisdiction may submit to the Administrator a full and complete description of the program it proposes to establish and administer under State law...

Ms. McCall elaborated that the 28 positions would be able to look into all of the things the state would need to do and would submit applications to the federal government.

Representative Hannan stated her understanding that the only other states that had sought 404 primacy also had coastal zone management authorities and processes; therefore, they already "sort of had a structure." She wondered if DEC had described the need for coastal zone management or coastal research to move forward. Alternatively, she wondered if standing up the program merely required a budget action item.

Ms. McCall answered not that she was aware of. She would check with the department and confirm.

[2:22:31 PM](#)

Representative Stapp asked about the ten new positions within the Division of Air Quality. He remarked that the EPA had recently made some stringent changes to how it measured particulates including PM2.5. He noted the agency was currently discussing reducing the number. He asked if the positions would effectively be able to resource the state if there were challenges with the EPA in the future.

Ms. McCall replied that eight of the ten positions were for the state improvement [implementation] plan. She explained that the department currently had the staff to manage one state implementation plan (SIP) and it anticipated there would be three SIPs to be completed by 2026. The particulate air pollution levels were the source of the need.

Representative Josephson followed up on questions by Representative Hannan. He believed a bill had been passed when the state had taken primacy over hazardous waste. He asked for verification that Ms. McCall had stated the subcommittee had not been advised it needed any new legislation to adopt a pathway to assume Section 404 primacy (other than providing funding).

Ms. McCall replied it was her understanding the 28 positions would present a plan to the federal government. She believed if statutory changes were required it would come through the work the new positions would be conducting over the course of the next year. She would check with the department.

Co-Chair Johnson believed she remembered something similarly that had been presented to the committee.

^DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

[2:25:20 PM](#)

Representative Tomaszewski asked his staff to review the subcommittee recommendations for the Department of Labor and Workforce Development (DLWD).

MICHAELLA ANDERSON, STAFF, REPRESENTATIVE FRANK TOMASZEWSKI, reviewed the DLWD subcommittee recommendations.

The House Finance Budget Subcommittee for the Department of Labor and Workforce Development held a total of five meetings and submits the following recommended operating budget for FY24 to the House Finance Committee:

RECOMMENDATIONS:

Fund Source: (dollars are in thousands)
Unrestricted General Funds (UGF) \$20,989.4
Designated General Funds (DGF) \$29,525.3
Other Funds \$15,638.2
Federal Funds \$90,587.5
Total \$156,740.4

Compared to the FY24 adjusted base, the subcommittee recommendations represent an increase of \$320.0 (+1.5%) in Unrestricted General Funds and \$7,890.5 (+9.5%) in Federal Funds as well as a decrease of \$6,309.9 (-17.6%) in Designated General Funds, and \$871.4 (-5.3%) of other funds, for a total increase of \$1,029.2 (+0.7%) all funds.

Positions:

Permanent Full-time 664
Permanent Part-time 44
Temporary 24
Total 732

Budget Action:

After reviewing and discussing each of the Governor's proposed transactions in detail, the subcommittee adopted all items but one item by unanimous consent.

Some of the highlights of these items are:

- Increase to Alaska Vocational Technical Center: \$250.0 UGF
- Fund change for Alaska Vocational Technical Center: \$320.0 GF/(\$320.0 GF Prgm)
- Restore omnibus workers' compensation from HB 79 (2018): \$400.0 Sec Injury
- Technical change to reject a duplicative "one time" funding to unemployment insurance: (\$10,000.0 Fed Rcpts)

The committee also discussed and accepted intent language stating: It is the intent of the legislature that the Department of Labor and Workforce Development leverage federal apprenticeship dollars to increase state capacity for expanding Career Technical Education

Subcommittee Amendments:

The Chair set an amendment deadline, welcomed amendments from all members, and the committee received one amendment, which was accepted by the members.

Attached Reports:

The House Finance Budget Subcommittee for the Department of Labor and Workforce Development adopted the attached reports:

- DOLWD Agency Totals
- DOLWD Transaction Compare: Adjusted Base + to House Subcommittee
- DOLWD Transaction Compare: FY24 Gov Amend to House Subcommittee
- Wordage

[2:29:39 PM](#)

Representative Galvin observed DLWD's budget had fewer increases than others. She noted that other departments' budgets had increases between 3 and 11 percent or more, whereas the DLWD budget had a 0.7 percent increase. She wondered if there had been any discussion on trying to keep things level. She highlighted the desire to grow the state's workforce and wondered if it was the reason intent language had been added as an amendment to take advantage of federal funding for career and technical education (CTE).

Ms. Anderson stated her understanding DLWD worked to keep its budget relatively level. She elaborated that while there was a \$250,000 increase to the Alaska Vocational Technical Center (AVTEC), there was also a \$250,000 decrease replacing wage and hour funds with general fund program receipts. The department was aware of the subcommittee's intent for DLWD to go after additional federal funding if available. She noted that the department already went after available federal funds.

Representative Hannan stated that a couple of years ago several inspector positions had been cut from the budget (i.e., plumbing, electrical, and other). She asked if there had been any discussion about adding the positions back

because she had heard from industry that the department could not keep up with inspections on commercial buildings. She remarked that if inspections were not done, industry had to sit around and wait. She wondered if there had been any discussion about the timeframe it took the department to do required inspections.

Ms. Anderson replied there had been no discussion on the topic in subcommittee. She relayed the department had communicated that an electrical inspector position in Fairbanks and a boiler inspector position in Juneau would have the biggest impact on their backlogs. She noted there had not been an amendment offered to add the two positions.

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Representative Tomaszewski appreciated the work by the subcommittees and his staff.

^DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

[2:32:52 PM](#)

Representative Tomaszewski asked his staff to review the subcommittee recommendations for the Department of Transportation and Public Facilities (DOT).

Ms. Anderson provided the DOT subcommittee recommendations:

The House Finance Budget Subcommittee for the Department of Transportation and Public Facilities held a total of eight meetings and submits the following recommended operating budget for FY24 to the House Finance Committee:

RECOMMENDATIONS:

Fund Source: (dollars are in thousands)
Unrestricted General Funds (UGF) \$154,450.0
Designated General Funds (DGF) \$62,776.8
Other Funds \$442,420.6
Federal Funds \$95,775.0
Total \$755,402.4

Compared to the FY24 adjusted base, the subcommittee recommendations represent an increase of \$14,538.9 (+10.4%) in Unrestricted General Funds, \$13.654.6

(+27.8%) in Designated General Funds, \$13,299.5 (+3.1%) of other funds, as well as a decrease of \$8,557.3 (-8.2%) in Federal Funds for a total increase of \$32,935.7 (4.6%) all funds.

Positions:

Permanent Full-time 2,987
Permanent Part-time 287
Temporary 148
Total 3,422

Budget Action:

After reviewing and discussing each of the Governor's proposed transactions in detail, the subcommittee adopted all items by unanimous consent. There were no increases or decreases.

Some of the highlights of these items are:

- Commodity increases in all three regions to adjust for inflation: \$1,334.9 (UGF)
- Two week on/two week off schedule for Dalton District shift changes: \$1,298.6 (UGF)
- Wayside improvements in Central and Northern Regions: \$385.0 (UGF)
- Silver Tip, Birch Lake, Chitna maintenance station operations: \$1,414.6 (UGF)
- Ice road maintenance: \$200.0 (UGF)
- Alaska Marine Highway operating budget increase: \$13,847.0 (DGF)

Subcommittee Amendments:

The Chair set an amendment deadline, welcomed amendments from all members, and the committee received no amendments.

Attached Reports:

The House Finance Budget Subcommittee for the Department of Transportation and Public Facilities adopted the attached reports:

- DOT&PF Agency Totals

- DOT&PF Transaction Compare: Adjusted Base + to House Subcommittee
- Wordage

[2:36:41 PM](#)

Representative Hannan recalled that the legislature had funded the Silver Tip, Birch Lake, and Chitna maintenance stations the previous year. She asked if the stations had been underfunded and needed additional money. Alternatively, she wondered if the stations had been funded with federal money that needed to be replaced with UGF.

Ms. Anderson stated her understanding the stations had been funded with federal COVID funds the previous year and were being switched to UGF.

Representative Ortiz looked at the other funds category totaling \$442 million. He remarked on the large size of the figure and asked what went into other funds.

Ms. Anderson answered that the majority of the other funds category was comprised of international airport funds. She detailed that the Ted Stevens International Airport and the Fairbanks International Airport were making large changes to things like cybersecurity, laptops, mission critical pay, and other. She explained the funds paid for themselves because they were international airport funds, but they needed to be shown in the budget. She offered to follow up with specifics.

[2:38:18 PM](#)

Representative Ortiz looked at the Alaska Marine Highway System (AMHS) operating budget increase of \$13,847,000 DGF. He asked if the fund source was the marine highway operating fund.

Ms. Anderson did not have the information on hand. She deferred the question to LFD.

MICHAEL PARTLOW, FISCAL ANALYST, LEGISLATIVE FINANCE DIVISION, replied that the increase to AMHS was funded with DGF through the Alaska Marine Highway Fund.

Representative Ortiz highlighted that the state had been notified of a significant increase in federal marine

highway funding in the amount of \$285 million. He believed some of the funding could be used for operations and some could be used for capital improvements for ships and repair. He asked if the match requirement had been addressed in the budget. He wondered if the state was still waiting to see how it would work.

Co-Chair Johnson replied that she did not believe the funding was included in the subcommittee budget, but it was on the radar. The required match was not yet known, and she wanted to ensure they were not caught short.

Representative Ortiz asked if Co-Chair Johnson was referring to the source of the match.

Co-Chair Johnson clarified that the total match requirement was not yet known. She was aware of the situation and did not want to be caught short. She reiterated the funding was on the radar.

[2:41:06 PM](#)

Co-Chair Johnson thanked the presenters and LFD.

Representative Tomaszewski appreciated the work of his staff. He responded to Representative Ortiz's question related to the federal AMHS funding and confirmed the state would be looking at the matching funds and utilizing every dollar possible.

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

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

Co-Chair Johnson reviewed the schedule for the following day.

ADJOURNMENT

[2:43:15 PM](#)

The meeting was adjourned at 2:43 p.m.