

HOUSE FINANCE COMMITTEE
March 14, 2023
1:33 p.m.

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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

Steve Williams, Executive Director, Alaska Mental Health Trust Authority.

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.

PRESENTATION: ALASKA MENTAL HEALTH TRUST AUTHORITY BUDGET PROPOSAL

#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."

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^PRESENTATION: ALASKA MENTAL HEALTH TRUST AUTHORITY BUDGET PROPOSAL

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STEVE WILLIAMS, EXECUTIVE DIRECTOR, ALASKA MENTAL HEALTH TRUST AUTHORITY, provided a PowerPoint presentation titled "House Finance Committee" dated March 14, 2023 (copy on file). The presentation provided an update on the Alaska Mental Health Trust Authority (AMHTA) items in the governor's proposed amended budget. He began with slide 2 titled "Trust Beneficiaries:"

Trust beneficiaries include Alaskans who experience:

- Mental illnesses
- Intellectual and/or developmental disabilities
- Alzheimer's disease and related dementia
- Traumatic brain injuries
- Substance use disorders

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Mr. Williams turned to a table on slide 3 titled "FY 24 AMENDED GF/MH Recommendations (and Associated MHTAAR Grants)" [General Fund (GF), Mental Health (MH), Mental Health Trust Authority Authorized Receipts (MHTAAR)]. The tables displayed the governor's amended FY 24 Mental Health budget, the Trustee Approved Recommendations for GF/MH, MHTAAR, and the differences between them. He pointed to the project columns that showed the department the money would be appropriated to in parenthesis. The blue shaded columns reflected the items and budget approved by the AMHTA Board of Trustees and the yellow columns reflected the governor's amended budget. The updated items contained in the amended budget was represented in blue. He appreciated that the administration reviewed AMHTA's recommendations and reconsidered some of the requests that were included in the amended budget. There were six departments implicated for receiving the trust's funds or GF Mental Health funding. They included the Department of Health (DOH), Department of Education and Early Development (DEED), University of Alaska (UA), Department of Family and Community Services (DFCS), Department of Transportation and Public Facilities (DOT), and the Department of Revenue (DOR) for the Alaska Housing Finance Corporation (AHFC). The far right column presented the differences between the trustee recommendations and the governor's amended budget. He pointed to the differences beginning with the Crisis Now Continuum of Care grants for DOH's Division of Behavioral Health (DBH) that were board recommended at \$1 million. The governor's amended budget included \$667 thousand comprising a difference of \$330 thousand. The second line that included Crisis Now Continuum of Care grants for DOH's Division of Public Health (DBH) indicating the difference between the recommendation and amended budget amounting to \$167 thousand. The Aging and Disability Resource Centers recommended amount was \$250 thousand and the funding was excluded in the amended budget. He noted that the IT Application/Telehealth Service System Improvements (DOH) recommendation of \$63 thousand was also not funded in the amended budget. He highlighted that the Alaska Training Cooperative (UAA) received a \$50 thousand increase to reflect the trustees' recommendation of \$150,000. He added that the Peer Support Certification (DOH) of \$100,000 GF was not included in the governor's amended budget. He moved to the Capital Budget items and reviewed the Special Needs Housing Grant (DOR/AHFC). He indicated that the board

recommended \$1.75 million and \$750 thousand was left unfunded in the amended budget. Finally, the Housing Assistance Program (DOR/AHFC) lacked \$2 million from what was requested by the board and what was included in the amended budget. He calculated that between the operating and capital funds there was a \$3.66 million deficit between the requested amounts and the amended budget.

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Representative Josephson highlighted the Special Needs Housing grant with MHTAAR funding of \$200 thousand, with an additional recommendation of \$1.75 million GF. He reported that the amended budget included only \$1 million GF. He asked if the trust would still fund the \$200 thousand amount even though the item had not received the total requested funding from the governor. Mr. Williams replied that in that situation the trust would determine the impact of the reduction on the proposed project. The trust may have to scale something back or may not provide trust funding for a particular project if the funding was inadequate enough to carry the project forward. He did not recall that the last option had ever occurred. Representative Josephson asked how AMHTA communicated its amount of funding for reduced projects to the legislature. Mr. Williams replied that at the current point the trustees would not take any action on reductions of MHTAAR funding. Any reductions would be considered after the budget was enacted.

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Co-Chair Foster asked for FY 23 numbers for items where there was a shortfall in GF funding for FY 24. He specifically requested the GF FY 23 number for the Housing Assistance Program. Mr. Williams responded that in FY 23 the amount was \$850 thousand, which was the amount currently included in the FY 24 budget. The \$2 million was intended to expand services. Co-Chair Foster asked if Mr. Williams had the other FY 23 numbers. Mr. Williams would follow up with the information.

Co-Chair Edgmon observed that a bigger takeaway from the slide was the trust's focus on housing. He asked if it was the largest budget item.

Mr. Williams affirmed that the combined total was the largest budget item. He added that the next highest funded items were related to the Crisis Now Continuum of Care initiatives. He reported that the trust was heavily invested in Crisis Now through its authority grant funds [MHTAAR] that went directly to communities to support the Crisis Now work.

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Co-Chair Edgmon stated that another takeaway was that the budget recommendations were prevention oriented. Mr. Williams agreed. He elaborated that the trust was focusing intervention "upstream" to avoid community disruptions and any acute higher level of care.

Representative Coulombe recalled that AMHTA had been big proponents of the Crisis Now program. She asked why the trust had not funded it and it was funded by GF. Mr. Williams answered that he had referred to the Trust's heavy investment in the program moments ago. The trustee's had approved and granted over \$7 million in the last 2 years specifically for Crisis Now work. He reiterated that the trustees had the authority to grant funding directly from the trust to community organizations. Representative Coulombe asked if the funding requested by the governor was still going to the same program that was being funded by the community grants. Mr. Williams replied that it could be used for the same services. However, the funds could also be used to start up new services in a community. The initiative was coordinated through DOH and DFCS with AMHTA.

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Representative Hannan asked about Crisis Now and special Needs Housing. She asked whether there were entire programs that would not be stood up due to the reductions. She assumed that AMHTA had evaluated the need to make the programs operational. She asked if there were programs that would not start due to the reduced funding. Mr. Williams answered that the impacts of not having the full increment would be as one expected. He detailed that reduced funding may delay implementation of a program or reduce services from existing programs or deter other communities or organizations from funding services to implementing the full continuum of care.

Representative Hannan asked when the last time an increase to the Special Needs Housing grants had been. Mr. Williams thought it was around ten years, but he would follow up.

Co-Chair Edgmon stated that housing in many rural communities was a top issue. Additionally, there were workforce and supply chain shortage issues. He recalled that deferred maintenance was highly funded in the prior budget, but the governor vetoed two-thirds of the appropriation. He asked why the state would opt not to fund special needs housing grants that leveraged a lot of other money and created a multiplier effect. He wondered whether a rational argument for the reduction existed.

Co-Chair Johnson requested to hold questions until the end of the presentation along with the answer to the prior question.

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Mr. Williams turned to slide 4 titled "Crisis Now Continuum of Care Grants (DOH/DBH):"

These grants will be awarded to organizations that are partnering with the community to provide less restrictive options for people having a behavioral health crisis.

Trustee Recommendation: \$1,000,000 GF/MH
FY24 Amended Budget: \$667,000 GF/MH

Mr. Williams addressed slide 5 titled "Crisis Now Continuum of Care Grants (DOH/DPH):"

These grants support Mobile Integrated Health (MIH) teams operating in Alaska. MIH teams consist of a paramedic/EMT and a behavioral health professional who together are tasked with responding to beneficiaries in crisis in the community.

Trustee Recommendation: \$500,000 GF/MH
FY24 Amended Budget: \$333,000 GF/MH

Mr. Williams expounded that there were three communities operating or implementing MIH teams: Copper River Native Association, Juneau, and Ketchikan. He reiterated that if the program was not fully funded it would have impacts on

the ability to fully expand to Ketchikan or reduce existing programs.

Mr. Williams moved to slide 6 titled Aging & Disability Resource Centers (DOH):

Aging and Disability Resource Centers (ADRCs) serve as a visible, trusted place for people to go to for information and assistance about aging and disability related topics. They provide screenings for state funded home and community based services.

Trustee Recommendation: \$300,000 MHTAAR
\$250,000 GF/MH

FY24 Amended Budget: \$300,000 MHTAAR
\$0 GF/MH

Mr. Williams furthered that the centers were funded through the Division of Senior and Disability Services (DSDS) and the additional \$50 thousand would open an additional center.

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Mr. Williams discussed slide 7 titled "IT Application/Telehealth Service System Improvements (DOH):"

This project funds a position to build the capacity of the Senior and Disabilities Services (SDS) to implement the use of technology both internally and externally to positively impact beneficiaries.

Trustee Recommendation: \$63,000 GF/MH

FY24 Amended Budget: \$0 GF/MH

Mr. Williams indicated that there were over 1,800 assessments completed over the last year. He summarized slide 8 titled: "Peer Support Certification (DOH):"

The Peer Support Certification program is managed through DBH which uses funds to award grants and contracts for peer support training, oversight of the program by the Commission for Behavioral Health Certification and supporting a statewide peer support-focuses conference.

Trustee Recommendation: \$100,000 MHTAAR
\$100,000 GF/MH

FY24 Amended Budget: \$100,000 MHTAAR
\$0 GF/MH

Mr. Williams elucidated that in FY 22 there were a little over 130 individuals who were certified in peer support and engaged in providing peer support services. The elimination of GF would restrict oversight and training by the commission.

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Mr. Williams discussed slide 9 titled "Special Needs Housing Grant (AHFC):"

The SNHG provides AHFC and Alaska Mental Health Trust funds through competitive grants to nonprofit service providers and housing developers for construction and operation of housing for Alaskan special needs populations.

Trustee Recommendation: \$200,000 MHTAAR
\$1,750,000 GF/MH
\$1,750,000 AHFC Dividend

FY24 Amended Budget: \$200,000 MHTAAR
\$1,000,000 GF/MH
\$1,750,000 AHFC Dividend

Mr. Williams added that in FY 22 the funding expanded the bed capacity of Forget Me Not an organization in Juneau and expanded housing capacity in the Matanuska-Susitna (MAT-SU) Valley. The reduction would reduce the ability to expand housing capacity.

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Mr. Williams spoke to slide 10 "Housing Assistance Program (AHFC):"

HAP provides AHFC and Alaska Mental Health Trust funds to agencies that provide homeless prevention services, emergency or transitional housing, and rapid rehousing services.

Trustee Recommendation: \$950,000 MHTAAR
\$2,850,000 GF/MH
\$6,350,000 AHFC Dividend

FY24 Amended Budget: \$950,000 MHTAAR
\$850,000 GF/MH
\$6,350,000 AHFC Dividend

Mr. Williams expounded that the program targeted populations of youth, families, veterans, and single adults. The \$2 million GF would allow for expansion. In addition in FY 22, there were 8 rural communities that applied for funds and were not able to access the funding.

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Co-Chair Edgmon pointed to slides 9 and 10 related to special needs housing. He did not understand why the state would not fully fund the housing programs. It struck him as "odd." Mr. Williams replied that when the AMHTA board made the recommendations for state GF, they were merely recommendations. He commented that the trust attempted to build budgets that reflected the need and also considered the state's financial situation. Co-Chair Edgmon asked what Mr. Williams would tell the appropriating body about why it was good to provide funding for the AMHTA requests. Mr. Williams recapped that there were 8 rural communities that were not able to access the funding as well as the ability to intervene earlier. He specified that rapid rehousing provided early intervention that enabled a person to work, receive treatment, and helped reduce their stress and anxiety. He stated that housing was an important factor in preventing a recipient from experiencing a crisis.

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Co-Chair Foster referenced the 8 rural communities hoping to receive the housing assistance funding. He asked if the full increment requested would cover the entire projects in the communities. Mr. Williams would follow up with the answer. Co-Chair Foster asked if any of the \$850,000 from the previous year had gone to any rural communities. Mr. Williams would follow up with the information.

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Representative Stapp looked at slide 3 and recalled that some of the MHTAAR funding was directly appropriated through the trust. He wondered if the same was true for the Home Modifications program. Mr. Williams responded that the authority grants or MHTAAR funding did provide money to communities for accessibility for items like making a bathroom ADA accessible, or ramps, etc.

Representative Hannan announced that she was very interested in fully funding the Crisis Now Continuum of Care Grants and Special Needs Housing Grants. She cited the costs for housing someone at the Alaska Psychiatric Institute (API) at \$ 1.1 thousand per day and \$142.00 per day in the prison system, versus \$51.00 per day in supportive housing. She believed in early intervention and that it reduced costs for the state. She wanted to grow the programs to meet the demand and deduced that the funding was insufficient to meet the demand.

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Representative Galvin echoed comments by Representative Hannan. She mentioned the Peer Support Certification program and could not think of a better way to efficiently grow the state's workforce. She asked for more budgetary information regarding the program. Mr. Williams shared that it was critical for individuals in recovery to access people with lived experience and it was considered a "best practice."

Representative Coulombe asked what the Beneficiary Mental Health Status Data Collection (DOH) was. Mr. Williams would follow up with more detail.

Mr. Williams appreciated the follow up dialogue. He urged the committee to consider the recommendations of the trustees.

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

2:12:02 PM

The meeting was adjourned at 2:11 p.m.