

HOUSE FINANCE COMMITTEE
January 22, 2024
1:35 p.m.

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CALL TO ORDER

Co-Chair Johnson called the House Finance Committee meeting to order at 1:35 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

Lacey Sanders, Director, Office of Management and Budget, Office of the Governor.

SUMMARY

OVERVIEW OF THE GOVERNOR'S FY 25 OPERATING BUDGET BY THE OFFICE OF MANAGEMENT AND BUDGET

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Co-Chair Johnson reviewed the meeting agenda.

^OVERVIEW OF THE GOVERNOR'S FY 25 OPERATING BUDGET BY THE OFFICE OF MANAGEMENT AND BUDGET

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LACEY SANDERS, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, introduced herself and noted there were administrative services directors available online for any specific questions she was unable to answer. She provided a PowerPoint presentation titled "State of Alaska Office of Management and Budget: Overview of the FY2025 Governor's Budget," dated January 22, 2024 (copy on file). She detailed that the presentation would give a high level overview of the governor's FY 25 budget. She provided opening remarks. She relayed that under AS 37.07.020(a) the governor was required to submit the budget by December 15 of every year.

Ms. Sanders related that Governor Mike Dunleavy released his current budget on December 14, 2023, which included an operating appropriation bill, capital budget bill, and mental health bill. The mental health bill incorporated capital and operating items specific to the state's integrative comprehensive mental health programs. She noted that the numbers in the presentation reflected all three appropriations.

Ms. Sanders highlighted that the governor's proposed budgets focused on providing a safe and healthy environment to keep Alaskan families in the state and promote growth across the state. Three recurring themes were discussed during the development of the budget including affordability, education, and public safety. She stated that the governor's budget invested in those areas to build a better Alaska for its current and future generations.

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Ms. Sanders began with a table on slide 2 titled "FY2025 Fiscal Summary." The table represented the highest level of revenues and expenditures for the budget. The left side reflected the FY 24 budget including supplemental requests to address any unanticipated or unplanned items during the current fiscal year. She stated that while supplemental requests were due by statute on the 15th day of legislative session (January 30 in the current year), the governor's budget included several priority items, which she would highlight during the presentation.

Ms. Sanders moved to the right side of the table on slide 2 showing the governor's FY 25 proposed budget. She highlighted a column on the far right side of the slide reflecting a quick comparison of the two fiscal years for unrestricted general funds (UGF) only. She pointed out the four funding categories listed at the top of the table including UGF, designated general funds (DGF), other, and federal. The presentation primarily focused on UGF, a limited revenue source with less restrictions than the other sources.

Ms. Sanders explained that the fiscal summary on slide 2 was broken out into revenues and expenditures with a surplus or deficit at the bottom. She began with revenues at the top of the slide and highlighted that UGF and the percent of market value (POMV) draw from the [Permanent Fund] Earnings Reserve Account (ERA) were derived from the fall 2023 Department of Revenue (DOR) forecast. She would talk about the items on the following slide. She noted that DGF, other funds, and federal receipts were all equal to the governor's proposed expenditures. She explained the funds required receipts in order to be spent.

Ms. Sanders reviewed that in total the revenue available to the state was \$15.5 billion in FY 24. Total revenue was slightly less in FY 25 but rounded up to \$15.5 billion (encompassing all fund sources). She relayed that expenditures were broken out into operating and capital appropriations. The total FY 24 operating budget was \$11.3 billion in all funds. The governor's proposed FY 25 budget was \$10.5 billion. Capital appropriations for FY 24 totaled \$364.8 million and the governor's proposed FY 25 capital budget was \$305 million. The total FY 24 budget was projected to expend \$14.1 billion including supplementals. The governor's proposed FY 25 budget included expenditures of \$14.1 billion. She noted the change was shown in the column to the right.

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Ms. Sanders continued to review slide 2 and discussed appropriations for the Permanent Fund Dividend (PFD). The legislature appropriated \$881 million for the PFD in FY 24. The governor's FY 25 budget included a full statutory PFD totaling \$2.3 billion. She noted that fund transfers were included in the fiscal summary to highlight funding being transferred between funds. She explained that the funds

were considered nonadditive as they were transferring between accounts and funding was not leaving the treasury. There was a current surplus of \$449 million in FY 24 and a deficit of just under \$1 billion [\$987 million] in the governor's proposed FY 25 budget. The budget proposed filling the deficit with state savings from the Statutory Budget Reserve (SBR) and Constitutional Budget Reserve (CBR).

Representative Ortiz asked what made a designated general fund designated. He asked for some examples.

Ms. Sanders replied that DGF typically had a statutory restriction on the use of the funds. She explained that statute had taken an action to use a certain funding source for a particular purpose. She noted that the legislature had the authority to use the funds for other purposes outside of the designation, given a prohibition against dedicating funds for a purpose. For example, the Higher Education Investment Fund was designated for educational purposes and was appropriated by the legislature for those purposes. She highlighted program receipts as another example. She detailed that agencies set fees and collected receipts for various purposes and the receipts should be used for their intended purpose.

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Representative Ortiz drew attention to the CBR balance [shown at the bottom of slide 2] that went from \$2.7 billion to \$1.7 billion. He asked for verification that the decrease in the CBR balance reflected a draw to cover the deficit of approximately \$1 billion.

Ms. Sanders replied affirmatively. She had a later slide that would provide more detail.

Co-Chair Edgmon liked the all-encompassing nature of slide 2. He noted that one missing element was the supplemental budget. He highlighted an existing education bill that would be making its way to the House floor, which would include some FY 24 and FY 25 funding. He asked what the committee could expect for the supplemental spending, when considering the education bill in addition to a supplemental.

Ms. Sanders replied that the FY 24 supplementals reflected items the governor had put forward early. She highlighted a \$61 million appropriation for a fire disaster declaration made earlier in the year, which was reflected in the numbers in the presentation. There were many other items that needed to be addressed in the supplemental that would be presented to the legislature on January 30th. She stated there were many pieces of legislation that needed to be considered in addition to the education bill when trying to determine what the fiscal picture would look like. She referenced the annual spring forecast [from DOR] that typically came out in March, which would provide a better reflection of what revenue would look like. She characterized the budget and the presentation as a starting point. She reiterated there were many other factors needing consideration during the upcoming legislative process.

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Co-Chair Edgmon noted the 10 percent change in UGF [between FY 24 and FY 25] was substantial. He asked for more information.

Ms. Sanders stated her understanding that Co-Chair Edgmon was referring to the top line of the table.

Co-Chair Edgmon responded affirmatively.

Ms. Sanders replied that for FY 24, the DOR [2023] fall forecast projection provided for [an oil price of] \$82.39 per barrel, compared to \$76 per barrel in FY 25. The production forecast was 470,300 in FY 24 and 463,800 in FY 25. There was a \$300 million UGF reduction [from FY 24 to FY 25] due to the two combined factors.

Representative Hannan asked about the supplementals line showing \$73 million UGF. She referenced Ms. Sander's earlier statement that \$61 million was for fire disaster. She highlighted \$9 million for SNAP [Supplemental Nutrition Assistance Program] and \$3 million for food banks on slide 12 [slide 7]. She noted the items totaled \$73 million. She asked for verification that the current supplemental was limited to those items and the supplementals to be provided by January 30 would include any additional monies.

Ms. Sanders answered that the \$8 million for SNAP was funded with state general funds and federal funds. She

relayed that multiple supplementals had been submitted including \$61 million for the fire disaster declaration, funding to address the SNAP backlog within the Department of Health (DOH), and \$3 million to the Department of Commerce, Community and Economic Development (DCCED). She believed she may have missed an item and would point them out as she went through the presentation.

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Representative Hannan asked what fire disaster declaration Ms. Sanders was referring to. She noted it was a light fire year.

Ms. Sanders confirmed it was a lighter fire year; however, early in the year, the Department of Natural Resources (DNR) had provided a projection on where it would be in the current FY 24 year and had provided a letter to the governor and legislature to declare a disaster to be able to access up to \$61 million in general funds to fight fires. She explained that firefighters were paid an incredibly low rate, resulting in a recruitment and retention issue. She elaborated that the state was having to bring in firefighters from out of state and pay them a rate that was 46 percent higher. She detailed that many of the fires had been on state lands, which did not qualify for federal reimbursement.

Ms. Sanders shared that OMB continued to work with DNR to evaluate the department's projected spend, but there had been a large increase. She noted that OMB worked closely with the Legislative Finance Division (LFD) to ensure they were tracking on the same page and to work through any differences. She added that LFD did not have the item currently included in its review of the budget because it was waiting for a technical transaction or change record to come through. The item had been included by OMB for transparency.

Co-Chair Johnson remarked that it always became a struggle when the statutory PFD was included with the POMV draw because they could not match up and the legislature ended up trying to fill the hole. She asked why there was not a draw from the ERA to cover the full statutory PFD. She reasoned that if there was a statutory PFD it would make sense to use the statutory funding source.

Ms. Sanders replied that the governor's proposed budget provided for a statutory PFD of \$2.3 billion based on current statute. The governor's budget also followed the statute implemented by SB 26 [legislation passed in 2018] for the POMV ERA draw for government. She detailed that the money was deposited into the general fund for appropriations.

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Co-Chair Johnson did not see any way of getting to the number without an additional draw. She noted that it was often difficult to get sufficient votes for the draw.

Representative Josephson stated it was the governor's second budget in his second term. He noted the governor would be writing budgets in the next two years as well. He acknowledged that budgets and the surrounding circumstances changed due to things like COVID-19, blizzards, etcetera. He reasoned that the practice could not continue forever, because if the legislature "rubberstamped" the current budget and did it again in the future, the CBR balance would be down to \$700 million. He asked if the administration intended to offer any proposal "to expand the pie" and work toward other fiscal solutions in order to have the ability to sustain budgets like the one under consideration.

Ms. Sanders answered that there was a slide later in the presentation showing the governor's 10-year plan as required by statute. She stated that it was an acknowledgement that the current trajectory and status quo was not sustainable and that the state's primary savings accounts would be depleted by 2027. She remarked that there was also a recognition that the previous year the governor had been ready and willing to have conversations about creating various policies in order to "change the tide." She added the governor recognized that it was an election year and there was likely not an appetite for addressing the issue, but the governor was willing to have the conversations if people wanted to bring items forward.

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Representative Galvin referenced the \$61 million [in supplemental funds for the fire disaster declaration]. She understood recruitment and retention was an issue in the

sector and in many others. She asked if the funding was intended to pay raises, go toward a different pay structure, or to bonuses.

Ms. Sanders responded that the budget proposed incentive compensation to employees. She noted that DNR was available online if needed. She offered to follow up with additional detail if the committee desired.

Representative Galvin would appreciate hearing an answer from the department. She thought it would be helpful to have the information as the committee had been thinking about different pay structures in other sectors and a more permanent pay raise versus bonuses.

Co-Chair Johnson would hold the question to get through the presentation. She would see how things went as the meeting progressed.

Ms. Sanders moved to slide 3 showing a condensed version of the budget table. She remarked that when talking about the state's fiscal picture or financial status the focus was typically on UGF. She reminded committee members that OMB used DOR's fall forecast for UGF. She relayed that the forecast was based on an Alaska North Slope oil price of \$82.39 per barrel in FY 24 and \$76 per barrel in FY 25. The production forecast was 470,000 in FY 24 and 463,800 in FY 25. The forecast resulted in just under \$3 billion UGF for FY 24 and approximately \$2.7 billion in FY 25. The POMV draw from the ERA was calculated at \$3.5 billion for FY 24 and just under \$3.7 billion for FY 25, resulting in a total UGF revenue of \$6.5 billion in FY 24 and \$6.3 billion in FY 25. The change resulted in a decrease of about \$200 million in available revenue from FY 24 to FY 25.

Ms. Sanders moved to operating and capital expenditures on slide 3. The expenditures totaled \$5.2 billion in FY 24 and \$5.1 billion in FY 25, reflecting an overall decrease of approximately \$126 million when focusing on current appropriations only. She noted that adding in the supplementals [for FY 24] was not a great comparison because there would likely be supplementals in in FY 25. The table showed a current difference of about \$204 million. The overall change could likely be attributed to the many one-time appropriations that were backed out of the budget; however, there were substantial investments made in the governor's proposed budget in education, public

safety, and many other areas. She remarked it was notable that the governor's proposal maintained the budget level from one year to the next, given there were multiple inflationary cost increases throughout many of the department's budgets. Additionally, there was \$97 million in contractually negotiated salary increases, of which there was \$45 million UGF. She stated that while the governor's proposal maintained a fairly level budget, there were significant investments.

Co-Chair Johnson remarked that the previous year some of the university employees did not get their contracts in the budget. She asked if it was taken care of and carried forward in the current proposal.

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Ms. Sanders confirmed that the proposed budget included contractually negotiated salary increases for the university.

Ms. Sanders continued to review slide 3. She noted there was approximately \$449 million available as a surplus [in FY 24]; however, a calculation was included in the FY 24 budget specifying that half of the amount would go to an energy relief payment in 2025 and half would be deposited into the CBR. The current calculation provided for \$220 million of the \$449 million: \$110 million to the CBR and \$110 million to qualifying residents in the form of energy payments. The amount would result in approximately \$165 to \$175 per person depending on the number of qualifying individuals.

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Ms. Sanders turned to slide 4 titled "Fiscal Summary - Savings Balances." The slide showed higher level starting and ending balances for a total reserve. She detailed that the \$20 million balance in the SBR would be drawn down in the proposed FY 25 budget and the CBR would cover the remaining deficit of \$966 million. Under the proposal, the state's reserves went from approximately \$2.9 billion in FY 24 to just under \$2 billion in FY 25. She relayed that DOR talked about having a savings balance of approximately \$400 million to \$500 million to ensure the state had sufficient cashflow throughout the year. She noted that the savings balances [shown on slide 4] assumed status quo

revenue. She added that the presentation did not include a deposit of the estimated \$110 million into the CBR because the number was subject to change due to frequent revenue fluctuations. She relayed that the number could be updated when the spring forecast became available.

Representative Stapp asked how the fund balances were determined. He recognized the FY 23 actuals were unaudited, but he noted there were wide discrepancies between budgeted general funds versus expenditures. He believed the Medicaid general fund match was off by about \$100 million in the state's favor. He wondered where the \$94 million [in earnings and deposits in FY 24] to the CBR came from, if the \$110 million was not calculated into the CBR deposit and there was no deposit for the SBR. Additionally, he asked what was happening with lapsed funds due to vacancies above the vacancy factor and to budgeted funds that were not expended.

Ms. Sanders answered that the earnings and deposits of \$94 million in FY 24 and \$76.7 million in FY 25 were reflective of any anticipated potential earnings over the year. She referred to the numbers as "straight line projections" based on DOR's earnings projection analysis. She did not have the percentage on hand and would need to verify it. She referenced Representative Stapp's question about FY 23 and what the state actually spent versus what had been budgeted. She explained that at the end of the fiscal year OMB worked closely with LFD to audit unexpended balances of funds to determine if they needed to go into the working reserve or catastrophic reserve fund for example. She noted there was a later slide showing how much lapsed and was deposited into those funds to make them whole. She added that there were funds that did not leave the treasury. She relayed that the numbers were estimates working in conjunction with LFD to determine what appropriations the legislature had made in the current year and to ensure all the appropriations were recorded in the accounting system to determine the balance. She reiterated that it was an estimate, but it was the best resource available using the state's accounting system and the appropriations made.

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Co-Chair Johnson remarked that some of the University of Alaska salaries were replaced with interagency receipts. She asked where the receipts would come from.

Ms. Sanders responded that she did not have the total number for the university receipts on hand. The original request from the university was full funding of general funds to address salaries. The proposed budget prorated the salaries to be partially general funded and partially funded with university receipts based on a proration of the university's current funding structure. As with every other salary adjustment, OMB looked at the various funding sources available and applied the same logic in the request put forward for university salaries.

Representative Ortiz considered balances and ending balances in the CBR. He highlighted the bullet point on slide 4: minimum savings balance of \$500 million required to maintain cashflows. He pointed out the idea that reserve funds were needed in the CBR to deal with potential emergencies such as a collapse in oil price. He asked if Ms. Sanders was comfortable that a balance of just under \$2 billion would be sufficient in the event of an emergency.

Ms. Sanders agreed that there should be a balance in the CBR to address a variety of unknown or unanticipated factors. She had not had the conversation about what that number should be. She heard in the past a range from \$3.5 billion to \$2 billion. She was new in her role and would evaluate the question and get back to the committee.

Co-Chair Edgmon referenced the proposed education bill SB 140, which had not yet been debated on the House floor. He had heard there may be an amendment offered on the House floor to increase Base Student Allocation (BSA) spending to \$680. He considered the \$58 million for teacher retention and bonuses in addition to funds for home correspondence and other elements in the bill for FY 25 and calculated a cost of \$250 million or more. He highlighted that the \$50 million would add to the \$966.3 million deficit. He estimated a total deficit of \$1.2 billion or \$1.3 billion. He asked if Ms. Sanders saw things playing out in that way. He recognized that a potential BSA increase to \$680 in the bill was pure speculation at present.

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Ms. Sanders answered that the budget was a starting point for the conversations that would occur. She stated that the legislature had a difficult job of determining what level

of funding would be made available for a variety of purposes. She elaborated that there were difficult conversations that would need to occur in the current and future years about how the state would face the fiscal cliff. She stated that adding another \$250 million to \$300 million would decrease the reserve further. She posed the question of what the state would do in 2027 if there were no remaining reserves. She remarked that it was a difficult and uncomfortable place to be, and she believed it was necessary to have difficult conversations to determine how to move forward.

Co-Chair Edgmon remarked that the numbers were under the auspice of a whole statutory PFD, which the legislature had not done since 2015. He stated that the legislature had not come close to a full statutory PFD during that time, as much as "many of us" would like to see that given the cost of living throughout the state. He stated that "it's much to my personal chagrin that the full PFD is in this budget." He believed it was just a statement. He would love to see a full PFD and wished the state had the finances to do so without tearing agency spending and other programs apart.

Ms. Sanders moved to a chart showing a lookback of the state's expenditures and revenues since FY 19 on slide 5. She noted that the PFD payment had fluctuated over the years with the use of an ad hoc amount. She highlighted that the state's capital budget had fluctuated over time. She elaborated that capital budgets were lean and primarily focused on matching funds when the state experienced deficits. The chart showed that capital budgets grew as revenue increased and the POMV draw from the ERA was implemented. She noted statewide items (represented by the yellow portion of the bars) had been reduced in the past two fiscal years, primarily due to the end of oil and gas tax credits. The remaining drivers of statewide expenditures were statewide debt service payments and retirement contributions.

Ms. Sanders relayed that the operating budget had remained fairly static from \$4 billion to about \$4.2 billion [shown by the light blue portion of the bars on slide 5]. She remarked that given some of the significant investments in state agencies, it was amazing to see the amount being held fairly stable.

Co-Chair Edgmon observed that in some respects the legislature and administration were collectively doing a pretty good job keeping agency spending down. He pointed out that oil tax credits had been paid off. He added that retirement was up \$70 million in the current year, which was something the legislature could not control. He noted that the state's debt was low. He recognized they were not getting everything they wanted funded; however, he thought it was worth mentioning that spending curves were not leaping up.

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Ms. Sanders turned to a sloop graph on slide 6 titled "FY2025 Operating Budget by Agency (UGF)." The graph provided a high level snapshot of the UGF spending per agency in the governor's proposed budget. She detailed that the K-12 foundation formula and pupil transportation within the Department of Education and Early Development (DEED) and Medicaid within the Department of Health (DOH) continued to be significant cost drivers and collectively accounted for 41 percent of the state's operating budget. She elaborated that K-12 and pupil transportation were fully funded based on statute, with a BSA of \$5,960. She reported that DOH finalized its Medicaid projection on December 15; therefore, the updated numbers were not included in the governor's December 15th budget and were being evaluated for inclusion in the governor's amended budget. She relayed that the governor's amendments were due to the legislature on the 30th day of session, which was the 14th of February in the current session.

Co-Chair Johnson asked about Ms. Sanders' statement "due to the legislature." She asked what it meant exactly. She remarked that the legislature had "gotten them on and off for a long time." She asked if there was a statutory requirement to stop at any point. She hoped not.

Ms. Sanders replied that she hoped not. She explained that there was a statute specifying that the governor was to deliver a statutory appropriation bill to the legislature on the 15th day [of December] and that amendments were due to the legislature on the 30th day [of session]. She stated that the legislature had been very gracious in her time working with budgets in allowing the administration to bring items to the legislature as OMB became aware of them. She highlighted supplementals covering unanticipated urgent

needs as an example. Additionally, there were contractual salary adjustments through bargaining unit negotiations that OMB received late in the game. The administration appreciated the legislature's consideration of those items after the 30th day.

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Representative Josephson referenced the bar reflecting fund capitalization on slide 6. He was familiar with fund capitalizations, but not in the context of the graph. He asked for detail.

Ms. Sanders replied that fund capitalizations were appropriations made by the legislature to deposit money into certain accounts that could spend without further appropriation. She noted that it was not a state agency, but it was a function of the appropriation process and she wanted to ensure it was included in the total state spending.

Ms. Sanders turned to slide 7 titled "Operating Budget Significant Highlights - Affordability." She stated that the governor had focused his budget changes on three primary categories in support of Alaskans: affordability, education, and public safety. The presentation categorized items included in the budget by the three topics. She began with affordability and reviewed that the governor's budget included a full statutory PFD, providing eligible Alaskans with PFDs of approximately \$3,600 depending on the number of eligible applicants. She stated that ensuring Alaskans had money to address the high rate of inflation and the high cost of living in Alaska was a high priority of the governor.

Ms. Sanders continued with budget highlights in the affordability category on slide 7. She explained there were a couple of items related to each other that crossed between the Department of Commerce, Community and Economic Development (DCCED) and DOH. She detailed that the budget included \$48 million to fully fund the Power Cost Equalization (PCE) program. She highlighted a \$3 million [FY 24] supplemental increment to provide food banks, food pantries, and any other food distributing entities with grant funding. The item was in support of DOH's work to address the SNAP backlog [the \$3 million increment fell under the DCCED category on slide 7].

Ms. Sanders reviewed items under the affordability category for DOH on slide 7. She reported that DOH had received \$1.5 million in the FY 24 and FY 25 budgets to provide access to food through grants. The department's current focus was primarily on addressing the [SNAP] backlog. She elaborated that DCCED had stepped in to help by providing the \$3 million to ensure families had access to food. She detailed that DCCED had an extensive background in grant application processes. For example, when Alaska had received [federal] COVID-19 funding, DCCED was quickly able to get funding out the door. The budget included \$8.8 million for 30 non-permanent eligibility technician positions and other costs associated with addressing the SNAP application backlog. She noted the positions were temporary for FY 24 only. There was a request for \$1.8 million to change 20 previously added non-permanent eligibility technician positions to full-time to continue to address the SNAP backlog in FY 25.

Representative Stapp stated his understanding that the \$1.5 million appropriation to food banks was for FY 25. He thought including an increment for July of FY 25 to address the SNAP backlog was effectively indicating the backlog would not be solved by that time.

Ms. Sanders answered that the \$1.5 million added in FY 24 and FY 25 was to address food security in the state. She relayed that the Alaska Food Security Taskforce had been working hard to provide recommendations on how to ensure food security in Alaska. The increment was intended for food banks and pantries across the state. She had been told in conversations with Commissioner Heidi Hedberg that the goal was to address the backlog within 90 days. She anticipated DOH would be able to meet the goal with additional support.

Representative Stapp stated that currently the budget appropriated the funds to the Division of Public Assistance. He found it curious that the employees dealing with the SNAP backlog were now supposed to be distributing the money for food security. He wondered if it was the best place to distribute the money. He did not believe he would put the people responsible for the SNAP backlog in charge of distributing the money for food security.

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Representative Ortiz noted that he had recently seen an agency budget comparison between FY 24 and FY 25. He noted it was not in the current presentation. He remarked that although slide 7 showed budget increments for DCCED, he believed the department was receiving a 40 percent reduction in funding. He asked for an explanation.

Ms. Sanders responded that DCCED had received one-time grant funding in UGF for the Alaska Seafood Marketing Institute (ASMI) and Alaska Travel Industry Association (ATIA) in FY 24. She explained that when the items were backed out it appeared that DCCED was taking a reduction, but it was because the funding was one-time in nature. She noted that the ATIA funding was included in the FY 25 capital budget and the ASMI funding had not been continued.

Representative Ortiz believed there had been an overall increase to the FY 25 DOH budget. He asked if the figures [shown on slide 7] reflected the increases. Alternatively, he wondered if something else accounted for the increase.

Ms. Sanders answered that in addition to the items on slide 7, there had been several fiscal note appropriations for previously passed legislation, which had increased the DOH budget. She did not have a complete list of the changes on hand but offered to follow up.

Co-Chair Johnson asked Ms. Sanders to send the follow up information to the committee.

Representative Coulombe asked if there was a reason energy costs were not included in the list if the governor was talking about affordability. She highlighted that reducing energy costs would reduce the number of people going to food banks. She noted that the cost of food would decrease. She stated that PCE addressed many things associated with living in Alaska. She remarked that the governor had been a proponent of the energy issue and she was surprised energy initiatives were not included in the affordability category. She considered perhaps there were energy initiatives that were not included on the list.

Ms. Sanders agreed that the energy items were located throughout the governor's budget. She confirmed that energy was a component of ensuring Alaska was an affordable place to live. She noted the PCE program was included on the

slide [slide 7] and there were other energy related items elsewhere in the presentation.

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Representative Coulombe asked if most of the energy initiatives were capital or operating.

Ms. Sanders answered that the budget transferred money into the Renewable Energy Grant Fund for appropriation in the capital budget. There was \$5 million in the governor's capital budget. She noted that slide 8 included education highlights and some of the items were related to energy and located in the operating budget. She intended to provide further detail on slide 8. She added that sometimes the categories merged. She agreed that energy was a component [of the governor's budget].

Representative Coulombe remarked that [affordable] energy would help with education costs. She stressed that energy affordability would help with many different aspects of the budget.

Representative Hannan asked about the \$3 million supplemental increment under DCCED for food banks. She believed committee members had all heard about the demand on food banks over the interim. She was pleased to see the ongoing support built into the budget for FY 25. She remarked that most of the time supplemental appropriations covered an expense that had already taken place. She asked if food banks had already written the grants and DCCED did not have sufficient funds to cover the cost. Alternatively, she wondered if food banks would have to apply again, receive the money in May, and expend it by June 30.

Ms. Sanders replied that with the exception of disasters, the state tried hard not to spend money upfront without the legislature's approval. She confirmed that the increment would require the legislature's authorization to spend the money. She reported that DCCED was poised and ready with an application process to turn the funding around quickly. There were mechanisms that could be used. She detailed that previously the legislature had addressed urgent supplemental needs through a fast track supplemental process, which may be an option for urgent items. She reiterated that the state tried very hard not to spend money without approval.

Representative Hannan remarked that because of the \$1.5 million in funding in FY 24, the food bank in her region was able to participate in the federal bulk buy program for the first time because it had never previously had dependable money from the state. She detailed that the food bank had been able to purchase food at a much discounted rate. She could not call it a game changer because the food bank had been up against unprecedented demands, but she was pleased to see an acknowledgement of the need to ensure food banks and food pantries were helping keep Alaskans fed.

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Representative Galvin referenced the category of affordability and remarked that she had predominately been hearing about issues related to childcare and healthcare from young families. She did not see anything pertaining to childcare thus far in the presentation. She was happy to see the governor looking for a more permanent solution to the SNAP backlog. She thought around 100 positions had been eliminated several years back. She observed the administration was clawing a few more to try to ensure there was the right balance to avoid any future backlog. She looked at the \$1.8 million increment [to change 30 previously added non-permanent eligibility technician positions to full-time] and asked if it would be what it took to avoid future backlogs.

Ms. Sanders confirmed that childcare fell under affordability. There was a taskforce that had produced a report and additional recommendations were forthcoming. She noted there was currently nothing else to report on the topic of childcare in the budget. She relayed that the administration would use the report as guidance on how to address childcare needs in Alaska. She addressed the second part of Representative Galvin's question about the positions related to the SNAP backlog. She explained that changing the [eligibility technician] positions from non-permanent to full-time made the positions more attractive and fillable. The state was facing vacancies across all departments and the goal was to provide adequate funding and resources to address the issues, while not creating positions the state was unable to fill. The administration felt strongly that the 20 [full-time] positions could

address the continued work and that 30 temporary positions could address the backlog.

Representative Galvin stated the other component she had heard about related to affordability was the cost of housing.

Ms. Sanders responded that items to address housing were included in the capital budget portion of the budget reflected later in the presentation.

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Co-Chair Johnson asked members to hold questions until the end of the operating budget section on slide 10. She noted that Co-Chair Edgmon would chair the capital budget portion of the presentation.

Ms. Sanders turned to slide 8 titled "Operating Budget Significant Highlights - Education." She stated that providing Alaska students with access to quality education continued to be a priority of the governor. She detailed that in addition to fully funding the foundation program and pupil transportation programs based on the statutory formula, the budget provided for \$25 million in operating and capital investment. She highlighted a list of operating items, which included several one-time items passed by the legislature: \$5 million for the Alyeska Reading Institute; \$5 million for a grant to the Alaska Native Science and Engineering Program (ANSEP); \$1.5 million for continued teacher recruitment, retention, certification, and apprenticeship development; and \$1.5 million for the Career and Technical Education Initiative. The items were all included in the governor's proposed FY 25 budget in order to continue into the future. Three new items included continued access to the Coding in Minecraft Program statewide (the item was previously funded with COVID-19 funds), \$1 million for a grant to the Alaska Education Resource, and \$1 million in support of the Youth Hunter Education programs statewide (in the form of grants to school districts).

Ms. Sanders continued to review education funding highlights on slide 8. The Department of Military and Veterans Affairs (DMVA) had oversight of the Alaska Military Youth Academy's (AMYA) program. She detailed that after the COVID-19 pandemic AMYA had experienced an

increase in attendance and class size, resulting in increased operational expenses and a request for an additional two positions to support students. She concluded slide 8 with the Debt Service category. The School Debt Reimbursement Program and the Regional Educational Attendance Area (REAA) and Small Municipal School District Fund were fully funded based on the statutory formula.

[2:46:04 PM](#)

Ms. Sanders moved to slide 9 titled "Operating Budget Significant Highlights - Public Safety." She relayed that ensuring the safety of Alaskans and that the state's public safety organizations were provided with resources necessary to protect and respond continued to be a priority of the governor. The budget included \$19.3 million for the Department of Corrections (DOC) to fully fund correctional institutions and discontinue the cycle of supplemental funding to the department.

Ms. Sanders continued with slide 9. The budget included two categories of items for the Department of Law (DOL). The first increment added \$2.3 million and 12 [full-time] positions in response to the passage of HB 325 in July 2022 pertaining to domestic violence, sexual offences, and consent. She explained there were costs identified in the associated fiscal note that were not included in the appropriation bill. Additionally, there was \$1.9 million and 10 [full-time] positions to address drug prosecutions, child protection cases, expansion of consumer protection investigations, and increases in grand jury. The budget included funding [\$399,800] for DMVA to address the operational expansion of the Alaska State Defense Force, Naval Militia, and Civil Air Patrol. Funds would support recruitment, training, travel, supplies, and other operational costs.

Ms. Sanders addressed budget highlights for the Department of Public Safety (DPS) at the bottom of slide 9. The budget included \$3.5 million to add 10 new Village Public Safety Officer (VPSO) positions and provide the currently filled 70 positions with salary increases to bring them on par with their counterparts. The budget included \$700,000 for three positions to be focused on western Alaska and crimes against children, which had been increasing. She detailed that the proposed positions were temporary, but the funding would be added to the base. Positions would be filled with

retired public safety officers who had experience and the desire to continue work after retirement. The budget added two aircraft pilots and an aircraft maintenance inspector to ensure there was backup for emergency and search and rescue events. There was currently a delay in response time, and the administration wanted to ensure timely response to emergencies. The budget included \$450,000 to add four investigator positions and \$250,000 {not included on the slide) to work on a public information campaign surrounding the recommendations of the Missing and Murdered Indigenous Persons working group. She relayed that DPS was requesting a position to work on recruitment and retention of trooper positions. She elaborated that trooper recruitment involved travel, an interview, and testing processes. The position would support new applicants and implement new recruitment strategies and initiatives.

[2:51:36 PM](#)

Ms. Sanders moved to slide 10 and addressed additional operating budget highlights. The governor's budget included \$5 million to increase the foster care base rate. She detailed that the rate had not been updated since 2018 and the Department of Family and Community Services (DFCS) was working to increase the number of foster care families. She relayed that there had been one-time funding for the Department of Fish and Game (DFG) in FY 24 for evaluation of items under the Threatened and Endangered Species Program and Marine Mammals Program. The proposed budget included \$1.3 million to continue the work and would add the increment to the base in FY 25.

Ms. Sanders continued to review operating budget highlights on slide 10. She lauded DOL for its work to identify ways to increase recruitment and retention of attorneys and paralegals. The department was expanding its internship/externship and fellowship programs and paralegal and prosecuting training academies to ensure its staff had the support and training needed prior to going to a trial, conducting a cross examination, or selecting a jury. The budget included just over \$1 million for the work. The governor's budget included just over \$2 million for statehood defense. She explained that DOL would coordinate and partner with other state agencies to address efforts supporting Alaska's statehood sovereignty. The funding would address a variety of issues ranging from federal and subsistence matters in DFG to economic and scientific

analysis relating to federal rule making challenges for the Department of Environmental Conservation (DEC).

Ms. Sanders highlighted \$1.8 million for DNR to incentivize pay for wildland firefighters in an effort to increase the number of filled firefighter positions. The budget included \$900,000 UGF to offset money from timber receipts that was currently being used for DNR positions. She elaborated that the timber receipts were proposed to be used in the Division of Forestry for critical bridge replacement, creation of road access to valuable timber, increasing access to land and resources, and creating an environment of economic growth in the forestry sector. She stated that the Department of Transportation and Public Facilities (DOT) continued to work hard on snow removal across the state. The budget included \$915,000 for contracted snow removal when unexpected snowfall exceeded existing operational capacity (primarily in Anchorage, Juneau, and Fairbanks). The budget included a \$30 million deposit into the Community Assistance Fund. The increment was partially funded based on the PCE formula and a small amount would come from UGF.

[2:55:37 PM](#)

Co-Chair Johnson thought the legislature put \$5 million into an emergency appropriation the past year for snow fall. She explained that the snow had come early in the current and prior years. She asked if there was any money left in the fund.

Ms. Sanders did not recall and would follow up.

Co-Chair Johnson asked for verification that the amount listed had nothing to do with the appropriation from the past year.

Ms. Sanders agreed.

Representative Ortiz looked at funding for DOC listed on slide 9. He thought the increment amounted to a 30 percent increase for the department. He asked for more information on the increase.

Ms. Sanders did not know the percentage off the top of her head. She explained that historically the funding level for DOC was not sufficient to meet the department's needs and

each year the administration came to the legislature with significant supplemental needs. She detailed that OMB had worked with DOC to project needs based on the department's current staffing, levels in institutions, and its community residential center contracts to provide a sustainable budget and eliminate the supplemental cycle.

[2:57:53 PM](#)

Representative Ortiz had received a question in a constituent meeting from a person who was concerned there was a growing population of inmates across the state. He asked if it was safe to say that was not the reason for the funding increase.

Ms. Sanders responded that the increment was aimed at bringing the budget into reality. She clarified that the population of inmates was not significantly growing. She noted that the cost of physical healthcare was hard to predict, but it was possible to use trends to project where the budget should be.

Representative Ortiz remarked on the importance of DOT for his communities. He believed the budget included an increase to DOT of approximately 10 to 11 percent. He clarified he was not opposed to the increase. He asked if the increase was entirely due to the \$915,000 [for contracted snow removal shown on slide 10] or other things as well.

Ms. Sanders answered there were a variety of items within the DOT budget. Notably, the DOT budget had included \$10 million to \$12 million in COVID-19 funds for several years that offset general funds. She explained that because COVID funds were no longer available, the state had to replace the funding source with general funds. The budget also included funding associated with rural airport lighting and a variety of other items. She stated that the increment [on slide 10] was not the only increase. The increment on slide 10 was in response to issues facing Central and Southeast Alaska due to snow.

[3:00:13 PM](#)

Co-Chair Edgmon referenced the increment of \$250,000 for DPS to help attract qualified Alaska State Trooper (AST) applicants. He stated, "If anything screams out that we're

having workforce shortage problems in Alaska, that has to be it." He emphasized that the state had increased pay in DPS more than any other department and had done everything possible to get more qualified law enforcement officers. He believed it was a very strong statement that the state had to now spend money to attract AST applicants. He referenced the \$48 million for PCE, which highlighted how expensive it was to get fuel in rural Alaska. He elaborated that the cost was a result of exponential changes and not merely 2.5 percent inflation per year. He recalled that three years back the allocation had been \$32 million. He recognized the kilowatt hour per household rate had increased since that time. He returned to the proposed positions listed under DPS on slide 9 and stressed that the state did not have enough people to fill the positions. He remarked on the hope there were enough retired state troopers to fill investigator positions. He hoped the committee would discuss the issue in depth. He underscored that the money could be put in the budget, but if there was no one to hire, "we really are falling short."

[3:02:07 PM](#)

Co-Chair Johnson handed the gavel to Co-Chair Edgmon for the capital budget section of the presentation.

Co-Chair Edgmon noted that the committee had a hard stop at 3:30 p.m.

Ms. Sanders briefly addressed a swoop graph on slide 11 titled "FY2025 Capital Budget by Agency (UGF)." She highlighted that DOT accounted for 42 percent of the capital budget, which was primarily utilized to access matching funds. She turned to slide 12 titled "Capital Budget Significant Highlights - Affordability." She began with DOR and explained it included the standard housing programs within the Alaska Housing Finance Corporation (AHFC) at a total of \$62 million for assistance to seniors, and teacher, health worker, and public safety housing programs. She highlighted \$25 million for AHFC down payment assistance grants, which was a new item in FY 25. She detailed that AHFC worked with the governor on the project and grants would be provided to individuals earning a college degree or in a trade school certificate program. She elaborated that the program would provide approximately 1,250 households with \$20,000 in assistance. The increment

was reflective of the governor's goal of ensuring Alaskans had access to housing and affordable housing.

Ms. Sanders highlighted \$5 million for DCCED for renewable energy project grants. She detailed that the Round 16 project list results was forthcoming and should be available from the Alaska Energy Authority (AEA) to share with the legislature in the near future. The budget included \$4.5 million to continue to advance the Alaska Liquified Natural Gas (AKLNG) project and maintain project assets in "ready status." She highlighted two increments under the University of Alaska budget centered around energy. The first increment was \$1 million for the Alaska Center for Energy and Power (ACEP) based on a recommendation from the Alaska Energy Security Taskforce Data Subcommittee. She expounded that ACEP would work with other state agencies to evaluate existing data resources for inclusion into a single resource. The second increment was \$11.1 million for the University of Alaska Fairbanks Alaska Railbelt Carbon Capture and Sequestration Project as requested by the university.

Ms. Sanders reviewed capital budget highlights with a focus on education on slide 13. The DEED budget included \$4 million for the School Construction Grant Fund program to provide funding for the first project on the department's list, the Newtok K-12 school relocation and replacement in Mertarvik. The budget also included \$4.3 million for the Major Maintenance Grant Fund program to provide funding for the first two projects on the list located in the Craig School District and the Yukon Koyukuk School District. The University of Alaska request included two significant capital budget items. The first was [\$10 million] for year three of the University of Alaska Drones Program. The second was \$20 million to the University of Alaska Fairbanks to achieve "Research 1" status.

[3:07:06 PM](#)

Ms. Sanders turned to slide 14 titled "Capital Budget Significant Highlights - Public Safety." The governor's request directed \$10.9 million to DOC for statewide institution improvements. She moved to various requests for DPS. The budget included a \$9.5 million request to replace the patrol vessel Enforcer supporting Southeast Alaska. She detailed that the existing vessel was taken out of service in December 2022. The budget included \$6.2 million for the

purchase of a Pilatus aircraft. She elaborated that the aircraft had the ability to land at 96 percent of the 215 airports across the state allowing for increased and rapid response to emergencies. She highlighted an increment of just under \$5 million to address aircraft and marine vessel replacement. The department had 44 aircraft and 41 marine vessels, which required continued maintenance and repair. There was a \$1.3 million request to replace the 11-year-old DataMaster fleet of breath alcohol instruments maintained by DPS. The budget also included funding requests for crime scene investigative equipment and aviation equipment, gear, and technology refreshment.

Ms. Sanders turned to slide 15 showing additional capital budget highlights. The governor's budget included \$2 million for the Department of Administration (DOA) to complete the digitization of the payroll system to ensure state employees were paid timely and accurately. The DCCED budget included \$1 billion in federal receipts for the Broadband Equity Access and Deployment (BEAD) Program. The budget included a \$5 million capital supplemental request in response to the November [2023] disaster in Wrangell to cover dam safety and stabilization improvements. The governor's request included \$2.5 million for a grant to the Alaska Travel Industry Association (ATIA). She highlighted \$1.5 million to replace the Regulatory Commission of Alaska's outdated case management system.

Ms. Sanders reviewed capital budget highlights within DFG. The budget included \$7.5 million to replace the Pandalus research vessel for the Gulf and Bering Sea, disposed of in 2024. The budget included two projects for continued salmon research. There was \$2 million for stock identification of salmon harvested in South Peninsula fisheries and \$1.3 million for continued funding for the Alaska Marine Salmon Program in response to poor salmon returns across the state.

[3:11:30 PM](#)

Ms. Sanders advanced to slide 16 and reviewed the remainder of the capital budget highlights. The governor's budget included \$3.5 million for DNR for silviculture treatments and precommercial thinning in an effort to increase the state's timber industry. The remaining items on the slide fell under the DOT budget. The budget included \$115 million [in federal receipts] for rural ferry grants. She noted a

recent announcement of the availability of additional funding for the motor vessel (M/V) Tustumena replacement. The budget included matching funds of \$23.2 million in toll credits. She highlighted \$4.3 million for the Copper River Highway Wood Canyon bridges and trails, \$2.7 million for the Williamsport Iliamna Intermodal Connector, and \$2.5 million for statewide Per-and Polyfluoroalkyl (PFAS) fleetwide foam replacement. She detailed the increment was for the replacement of equipment for vehicles that no longer utilized PFAS. She concluded the capital budget portion of the presentation.

Co-Chair Edgmon noted there were two substantive slides remaining. He asked committee members if they wanted to spend the remaining time on questions pertaining to the capital budget or get through the remainder of the presentation.

Representative Josephson had some short questions on capital items.

Representative Ortiz also had questions on capital items; however, he surmised it was likely not the only time to discuss capital items.

Co-Chair Edgmon agreed that the capital budget would come before the committee again. He asked members to keep questions short.

Representative Josephson looked at the AHFC programs on slide 12. He asked if any of the programs were a benefit to homeless problems in Anchorage.

Ms. Sanders would follow up on the question. She explained there were seven or eight programs under the AHFC increment and she did not know how they related to each community.

Representative Josephson looked at the carbon capture and sequestration project. He asked if the item was contingent on the passage of the carbon capture utilization and storage (CCUS) bill HB 50 [currently in the House Finance Committee].

Ms. Sanders was not as familiar with the topic and deferred the question to the University.

Representative Josephson turned to an increment on slide 13 and asked for more detail on what it meant for the University of Alaska Fairbanks to achieve Research 1 status.

Ms. Sanders deferred the question to the University.

Representative Hannan looked at an increment for DFG related to stock identification of salmon harvested in South Peninsula fisheries on slide 15. She asked if the increment pertained to south Kenai or south Alaska fisheries stock.

Co-Chair Edgmon stated it was the Alaska Peninsula.

Ms. Sanders replied that it was for south Alaska.

[3:15:34 PM](#)

Ms. Sanders advanced to a chart on slide 17 titled "Operational Challenges - Vacancy." She relayed that state agencies continued to face vacancies. The chart reflected a snapshot from 2017 to December 2023. She noted that there was upwards progress in December 2023, but it did not reach the level of filled positions from several years back. Agencies were taking many steps to address vacancy challenges facing the state. She highlighted letters of agreement discussed in previous years to address specific cases where there were instances of life, health, and safety and the state needed to incentivize staff through recruitment and retention pay. She noted that DOA issued a contract for a statewide salary study. She detailed that the report should be completed by June 2024 for consideration in the FY 26 budget.

Representative Galvin observed that the Department of Law's vacancy rate was than 10 percent in the previous and current years. She understood the department had done some important work a couple of years back to ensure salaries were competitive. She highlighted that DOL was still the one "shining" department in terms of fewer vacancies. She highlighted that DEED's 16 percent vacancy rate did not reflect the teacher vacancy rate. She underscored that the teacher vacancy rate was much higher in some districts, particularly in rural Alaska. She had been hearing reports that the situation in some districts felt like a third world country. She stated that in order to try to fill some

of the vacancies the state was bringing in teachers from the Philippines. She noted the state was grateful for the help, but she knew of two districts where more than 50 percent of the teachers were from out of the country. She underscored the urgent situation in schools impacting students who would become the state's future employees. She remarked that the state had not been able to do right by the students to make sure the spots were filled with well qualified and well paid teachers.

3:19:16 PM

Ms. Sanders addressed the statutorily required governor's 10-year fiscal outlook on slide 18. She noted the slide reflected a condensed view of the outlook (a full view of the outlook was available on OMB's website). She pointed out that the approach to the 10-year plan provided a status quo budget, and revenues projected by DOR, with no significant changes in revenue measures or reductions in the budget. The outlook was a recognition of the direction the state was headed. She elaborated that the outlook was an acknowledgement that policymakers would have to continue the conversation to make difficult decisions to face the structural fiscal picture. She stated that the governor was willing to have the conversations and engage in ways to change the trajectory.

Representative Ortiz looked at projections for larger deficits through FY 34 on slide 18. He asked if the 10-year outlook assumed a full PFD under the current statutory formula.

Ms. Sanders answered affirmatively. The top row of the table showing the PFD transfer reflected a statutory PFD from FY 25 through FY 34.

Representative Ortiz asked for verification that the outlook assumed education funding remained at the governor's current proposal, which included nothing additional outside of the formula and the current base amount from FY 24.

Ms. Sanders agreed. She relayed that there was an inflationary factor built into the outlook. She detailed that OMB had used the debt schedules when constructing the 10-year plan. She characterized it as a status quo budget reflecting current statute.

Representative Tomaszewski looked at the \$25 million DOR increment for a new AHFC program on slide 12. He thought Ms. Sanders had stated that the grants were for someone with a college degree or in a university program or trade school. He asked for verification applicants were limited to those groups.

Ms. Sanders replied affirmatively. She explained that the grants were intended direct funding to those individuals to retain them in Alaska and provide an opportunity to seek affordable housing.

[3:23:13 PM](#)

Representative Tomaszewski referenced the chart showing department vacancy rates on slide 17. He stated he had heard the same thing about vacancies the previous year. He had tried to remove some vacancies that had been on the books for as long as seven years. He remarked that every vacancy he had tried to eliminate had been defended by departments as needed. He cautioned agencies to be prepared to defend the vacancies. Additionally, he advised agencies against showing positions as vacant if they were filled. He noted it was something he would be looking at very thoroughly.

Co-Chair Edgmon asked why the presentation included a truncated version of the 10-year outlook. He remarked that the previous year the 10-year outlook included carbon capture money that the state now realized would not materialize. He asked if the outlook was presented to credit rating agencies.

Ms. Sanders responded that she could not speak to what DOR presented to credit rating agencies.

Co-Chair Edgmon noted his intention to ask the DOR commissioner in committee the following day.

Ms. Sanders communicated that the purpose of the presentation was to get some information on the page that was relevant for the conversation. She highlighted that a full version of the 10-year outlook did not fit on the slide and was available on the OMB website.

Co-Chair Edgmon requested that a fuller version [of the governor's 10-year outlook] be presented to the committee because he found it revealing. He remarked there were things over the 10-year time period that would provide opportunity as well as challenges with declining revenue for a period of time.

Representative Stapp believed the Catastrophic Reserve Fund balance exceeded the statutory requirement of \$50 million by \$4 million. He reasoned that the fund would continue to be overfunded if the state was lapsing more money. He asked why there were more funds in the account than required.

[3:26:20 PM](#)

Ms. Sanders responded that fund balance information in the state's accounting system was very complex. She shared that OMB had gone "round and round" with the Division of Finance when trying to determine fund balances. She recognized statute required the balance to be at a certain level. As OMB worked with the Division of Finance to determine what [funding] was swept, OMB was trying to ensure the fund balance was sufficient. She noted that any funds that were not spent and lapsed stayed in the general fund for a future year. She explained that if the money was not moved into "those funds" it was there for another purpose in the following year.

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

#

ADJOURNMENT

[3:27:35 PM](#)

The meeting was adjourned at 3:27 p.m.