

HOUSE FINANCE COMMITTEE  
March 4, 2024  
1:34 p.m.

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CALL TO ORDER

Co-Chair Johnson called the House Finance Committee meeting to order at 1:34 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

Brodie Anderson, Staff, Representative Neal Foster.

SUMMARY

HB 268      APPROP: OPERATING BUDGET; CAP; SUPP; AM

HB 268 was HEARD and HELD in committee for further consideration.

HB 270      APPROP: MENTAL HEALTH BUDGET

HB 270 was HEARD and HELD in committee for further consideration.

SUBCOMMITTEE CLOSEOUT REPORTS:

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS  
OFFICE OF THE GOVERNOR

Co-Chair Johnson reviewed the meeting agenda.

#hb268

#hb270

HOUSE BILL NO. 268

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; making capital appropriations; making supplemental appropriations; making reappropriations; 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. 270

"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."

[1:35:32 PM](#)

^SUBCOMMITTEE CLOSEOUT REPORTS

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^DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

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BRODIE ANDERSON, STAFF, REPRESENTATIVE NEAL FOSTER, reviewed the finance subcommittee recommendations for the Department of Military and Veterans Affairs (DMVA) (copy on file):

RECOMMENDATIONS:

The House Finance Budget Subcommittee for the Department of Military and Veterans Affairs submits

the following recommended operating budget for FY 2025 to the House Finance Committee:

Fund Source: (dollars are in thousands)  
Unrestricted General Funds (UGF) \$17,218,800  
Designated General Funds (DGF) \$28,500  
Other Funds \$12,538,800  
Federal Funds \$34,302,800  
Total \$64,088,900

The Unrestricted General Fund difference from FY 25 Adjusted Base to the House Subcommittee budget recommendation is an increase of \$1,843.1 million of Unrestricted General Funds, which is 12 percent above the FY 25 Adjusted Base.

Positions:  
Permanent Full-time 283  
Permanent Part-time 0  
Temporary 0  
Total 283

BUDGET ACTION:

The House Finance Budget Subcommittee for the Department of Military and Veterans Affairs reviewed the FY 2025 Governor's budget request, including amendments, and recommends the following actions:

- 1) Accept all the Governor's proposals for the Alaska Military Youth Academy (AMYA) This includes the following items:
  - \$160 thousand increase of General Fund Match for federally funded employee benefit costs.
  - \$51.3 thousand of General Fund Match for 2 Coordinators to meet federally required counselor-to-cadet and case manager-to-cadet ratios.
  - \$631.8 thousand of General Funds for operational costs increases due to inflation, maintenance, and technology costs.
- 2) Approve all transactions for the Office of the Commissioner, including following new positions:

- \$138.1 thousand for a Program Manager to oversee the Alaska State Defense Force.
  - \$26.4 thousand of General Funds, \$1.8 thousand of General Fund Match for an Accounting Technician to process travel for Army National Guard and Alaska State Defense Force.
  - \$50.9 thousand of General Funds, and \$1.1 thousand of General Fund Match for a Systems Programmer for Cybersecurity.
- 3) Accept the Governor's request for \$261.7 thousand of General Funds to expand operations of the Alaska State Defense Force, Naval Militia, and Civil Air Patrol
  - 4) Accept the Governor's request for \$200.0 thousand of General Funds for tuition assistance for Alaska National Guard and Naval Militia members.
  - 5) Approve all transactions for the Homeland Security and Emergency Management, including following new positions:
    - \$143.2 thousand of Federal Funds, and \$61.4 thousand of I/A Receipts for two Emergency Management Specialist positions
    - \$80.2 thousand of Federal Funds, and \$34.4 thousand of I/A Receipts for one Emergency Management Specialist supervisor position.
  - 6) The subcommittee also took the following action:
    - Added \$186.0 thousand of General Funds for increased pay of \$7,000.00 for each of the 17 Veteran Service Officers (VSO) around the state and added one additional VSO for additional services in Ketchikan.

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Co-Chair Foster summarized that the subcommittee had accepted all of the governor's recommendations. Additionally, the subcommittee added \$186,000 in general funds [for increased pay] for veteran service officers (VSO). He detailed that the original amendment offered in

subcommittee was for an additional \$400,000, which had subsequently been reduced to \$186,000.

Co-Chair Johnson informed the committee that the goal of the meeting was to hear the presentations and not to go into depth on all of the subcommittee work.

Representative Hannan remarked on the funding for emergency management specialist positions for disaster assistance. She assumed that the subcommittee had a dialogue about the disaster assistance funding being parceled out. She understood that communities needed assistance when disasters occurred, but they also needed bureaucratic assistance accessing a pool of money. She wondered if the [disaster] fund was increasing in addition to the increase in staffing. She asked for additional details on the role of the disaster specialists.

Co-Chair Foster responded that the added emergency specialist positions were additional resources to help respond to disasters in the future. He referenced Representative Hannan's question about whether there was an increase to the Disaster Relief Fund. He stated his understanding that the fund did not fall under the DMVA budget, and any increased funding would be part of the operating budget process. He did not believe the committee had reached that point in the process. He asked his staff to elaborate.

Mr. Anderson confirmed that the Disaster Relief Fund normally fell under the language section [of the operating budget], which was funded separately. The positions approved by the subcommittee fell directly under the department and were funded with general fund requests outside of funding associated with the Disaster Relief Fund. He relayed that it would be a conversation for the committee when it reviewed the entire operating budget.

Co-Chair Johnson noted that Representative Stapp and Representative Galvin had joined the meeting.

[1:44:57 PM](#)

Representative Ortiz referenced the addition of \$186,000 in general funds for increased pay of \$7,000 [for VSOs]. He highlighted Co-Chair Foster's statement that the figure had been reduced. He asked if the governor had proposed a

higher increase in pay or if it would be split between fewer people. He asked where the decrease had come from.

Co-Chair Foster clarified that the governor did not include a request for an increase to VSO pay. He explained that an amendment had been proposed in subcommittee to add \$400,000 for increased pay, but the subcommittee ultimately adopted an increase of \$186,000 for existing VSOs and the one new VSO position in Ketchikan.

Mr. Anderson agreed. The \$7,000 increase [per VSO] came from a resolution passed by the Alaskan Veterans Advisory Council, which had been submitted as a backup document to the subcommittee. He elaborated that the council included the figure in its resolution to meet the current cost of inflation; therefore, the subcommittee decided a total of \$186,000 was more in line with the council's recommendation. The increment also extended the increase to the one new position in Ketchikan.

Representative Ortiz stated his understanding that the VSOs were located in communities and were responsible for facilitating on behalf of veterans in relationship to the federal and state governments.

Mr. Anderson answered that VSOs were funded through a grant program administered by the Division of Veteran Services. The division contracted out through the American Legion and other veteran service organizations in communities and funding was passed through to pay for their services.

Co-Chair Foster stated that the purpose of VSOs was to ensure veterans were taking advantage of all available benefits and to help them navigate the associated bureaucracy and paperwork.

Representative Stapp asked if the funding pertained to American Legion and VFW [Veterans of Foreign Wars] contracted VSOs. He remarked that the federal government had VSOs and separate veterans' services had VSOs. He thought state VSOs were contracted through the American Legion and VFW.

Mr. Anderson agreed. He elaborated that the majority of the contracted VSOs came from the American Legion and VFW, but the association dealing with purple heart recipients

[Purple Heart Foundation] was also included on the contracting list.

^OFFICE OF THE GOVERNOR

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BRODIE ANDERSON, STAFF, REPRESENTATIVE NEAL FOSTER, reviewed the finance subcommittee recommendations for the Office of the Governor (copy on file):

RECOMMENDATIONS:

The House Finance Budget Subcommittee for the Office of the Governor submits the following recommended operating budget for FY 2025 to the House Finance Committee:

Fund Source: (dollars are in thousands)  
Unrestricted General Funds (UGF) \$28,519.8  
Designated General Funds (DGF) \$0.0  
Other Funds \$390.6  
Federal Funds \$137.2  
Total \$29,047.6

The Unrestricted General Fund difference from FY 25 Adjusted Base to the House Subcommittee budget recommendation is an increase of \$997.0 thousand of Unrestricted General Funds, which is 3.6 percent above the FY 25 Adjusted Base.

Positions:

Permanent Full-time 146  
Permanent Part-time 0  
Temporary 24  
Total 170

BUDGET ACTION:

The House Finance Budget Subcommittee for the Office of the Governor reviewed the FY 2025 Governor's budget request, including amendments, and recommends the following actions:

1) Accept all the Governor's proposed budget. This includes the following items:

- \$300.0 thousand for two new special agents assigned to the Governor's security team.
- \$350.0 thousand for inflationary costs increases and enhanced security in the Governor's Anchorage Office.
- \$75.0 thousand for maintenance on the Ranked Choice Voting system.
- \$120.0 thousand for a Division of Elections Public Relations Manager.
- \$152.0 thousand fund source swap to General Funds from Capital Improvement Projects Receipts for the Division Operation Manager position.
- \$100.0 thousand reduction in Federal Funds within the Human Rights Commission to align with expected expenditures.

Mr. Anderson elaborated on the second to last bullet point related to a fund source swap to general funds from capital improvement project (CIP) receipts for a division operation manager position. He explained that the position was currently filled, but the CIP receipt funding was no longer available.

[1:51:53 PM](#)

Co-Chair Foster summarized that the subcommittee accepted all of the governor's requests. He added that the preceding year, the governor requested two additional positions for his security team. The funding had been approved by the House but had ultimately been removed during conference committee on the operating budget. He added that the governor had subsequently vetoed \$100,000 from the legislature's request for security.

Representative Hannan asked how many security officers the governor had.

Co-Chair Foster responded that a lifeline may be needed to answer the question.

Representative Hannan asked how much of the \$350,000 increment pertained to security cost versus inflation.

Mr. Anderson replied that he would get an answer to Representative Hannan's first question pertaining to the

number of security officers the governor had. He answered the second question and explained that the cost of inflation and cost of the lease had increased according to the Office of the Governor. He noted that the governor did not request the entire amount of the inflation cost because a portion of the funding would go towards security. He elaborated that the governor's floor used to share office space with another department. The governor's office proposed that the other department vacate the floor and that improvements be made to enhance security. The total request was \$350,000 even though the governor's office alluded to the fact that the full cost exceeded the request.

[1:54:44 PM](#)

Representative Coulombe asked about the ranked choice voting increment. She referenced backup documents showing the total multiyear appropriation was \$3 million. She noted the request for \$2.5 million. She asked if the subcommittee asked why there was a continued need for funding for rank choice voting. She observed it did not appear to be operations funding for the Division of Elections.

Mr. Anderson replied that ranked choice voting operating funds were built into the base budget for the Division of Elections; therefore, the subcommittee had not extensively discussed current spending on ranked choice voting. The \$75,000 would fund a needed upgrade to the current IT program responsible for running the ranked choice voting system. He addressed the additional increment [of \$120,000] for a public relations manager position. He detailed that the administration determined it needed an additional position to educate the public on using ranked choice voting.

[1:56:38 PM](#)

Representative Josephson stated that the governor's request of \$300,000 in FY 24 for special agents had been disapproved by the legislature. He asked for verification that the governor was requesting more than \$300,000 in the FY 25 budget for special agents and enhanced security.

Mr. Anderson replied that he did not know whether the enhanced security was a direct correlation to the amount the governor had requested for his security team. He

confirmed that the governor had requested funding for two full-time agents in FY 24, which had been denied.

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Mr. Anderson responded to Representative Hannan's earlier question about the size of the governor's security team. The governor currently had seven security officers and his budget request increased the number to nine.

HB 268 was HEARD and HELD in committee for further consideration.

HB 270 was HEARD and HELD in committee for further consideration.

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

#

ADJOURNMENT

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The meeting was adjourned at 1:58 p.m.