

HOUSE FINANCE COMMITTEE
March 5, 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

Sue Stancliff, Staff, Representative Mike Cronk; Paul Menke, Staff, Representative Will Stapp; Zach Young, Staff, Representative Frank Tomaszewski; Valerie Rose, Fiscal Analyst, Legislative Finance Division.

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 LAW
JUDICIARY
DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
DEPARTMENT OF ENVIRONMENTAL CONSERVATION
UNIVERSITY OF ALASKA

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."

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^SUBCOMMITTEE CLOSEOUT REPORTS

[1:35:46 PM](#)

^DEPARTMENT OF LAW

[1:35:54 PM](#)

Representative Cronk relayed that his staff would provide the subcommittee report for the Department of Law.

SUE STANCLIFF, STAFF, REPRESENTATIVE MIKE CRONK, reviewed the finance subcommittee recommendations for the Department of Law (copy on file):

The House Finance Budget Subcommittee for the Department of Law held a total of two meetings and submits the following recommended operating budget for FY25 to the House Finance Committee:

RECOMMENDATIONS:

Fund Source: (dollars are in thousands)
Unrestricted General Funds (UGF) \$76,935.3
Designated General Funds (DGF) \$2,969.9
Other Funds \$35,102.5
Federal Funds \$2,307.1
Total \$117,314.8

Compared to the FY 25 Adjusted Base, the Subcommittee recommendations represent an increase of \$6,928.0 million (+9.9 percent) in Unrestricted General Funds, \$774.9 thousand (+2.3 percent) in Other Funds for a total increase of \$7,702.9 million (+7.0 percent) all funds.

Positions:
Permanent Full-time 600
Permanent Part-time 1
Temporary 29
Total 630

BUDGET ACTIONS:

After reviewing and discussing each of the Governor's proposed transactions in detail, the subcommittee made the following changes unanimous consent:

- In the Criminal Division Authorized 11 of 23 requested Paid Internships. \$277.7 in the Civil Division, Authorized 18 of 35 requested Paid Internships. \$261.6
- Civil Division - Reduced Increment for Statehood Defense from \$2,018.0 to \$1,500.0 GF
- Civil Division - Denied the fund source change in the Government Services allocation for regulation review. (-\$448.0 UGF; \$448.0 IA Receipts)

Highlights of items accepted from the Governor's request include:

Criminal Division:

- Funded Consent Law Changes from HB 325 (2022) - \$2,328.6 GF and 12 PFTs;
- Funded Prosecutor and Paralegal Training Academies - \$100.0 UGF;
- Authorized Six Full-Time Investigators for Domestic Violence and Sexual Assault. \$1,142.9 GF

Civil Division:

- Approved the requested budget structure change consolidating fifteen allocations to five;
- Added Attorney and Paralegal for Child Protection cases in Fairbanks - \$352.4 and 2 PFTs;
- Added positions and funding for Consumer Protection - \$598.7 and 3 PFTs

SUBCOMMITTEE AMENDMENTS:

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

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Ms. Stancliff clarified that the committee did not receive any amendments. She listed the attached reports:

- Law Agency Totals
- Law Transaction Compare: Adjusted base + to House Subcom
- Law Wordage

Representative Hannan asked about the number of positions added in the budget, excluding the 29 interns. She looked the operating budget agency totals on page 1 of the Budget Analysis sheet (copy on file) showing an increase of 29 employees from 571 to 600. She noted there was a separate line showing temporary interns. She calculated there were 23 additional positions [according to the above narrative]. She wondered about the difference between the two figures and asked what the other six positions were.

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AT EASE

[1:46:12 PM](#)

RECONVENED

Co-Chair Johnson noted follow up information on the question would be provided at a later time.

^JUDICIARY

[1:46:34 PM](#)

SUE STANCLIFF, STAFF, REPRESENTATIVE MIKE CRONK, reviewed the finance subcommittee recommendations for the Judiciary (copy on file):

The House Finance Budget Subcommittee for the Courts held a total of two meetings and submits the following recommended operating budget for FY25 to the House Finance Committee:

RECOMMENDATIONS:

Fund Source: (dollars are in thousands)
Unrestricted General Funds (UGF) \$140,690.2
Designated General Funds (DGF) \$518.0
Other Funds \$2,530.0
Federal Funds \$1,805.3
Total \$145,543.5

Compared to the FY 25 Adjusted Base, the Subcommittee recommendations represent an increase of \$2,991.9 million (+2.2 percent) in Unrestricted General Funds, \$125.0 thousand (+5.2 percent) in Other Funds, \$525.0 thousand (+41.0 percent) in Federal Funds, for a total of \$3,641.9 million for a total increase of 2.6 percent all funds.

Positions:
Permanent Full-time 754
Permanent Part-time 39
Temporary 6
Total 799

BUDGET ACTIONS:

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

Some of the highlights of these items are:

- Trial Courts - Court Visitor Program Recent Actuals/Projections. \$127.4 GF
- Trial Courts - Added 3 New Positions for Monitoring Guardianship Appointments, Education, and Supportive Help for Guardians. \$417.0
- Therapeutic courts - Authorized Receipt Authority for Projects Involving Data Collection, Program Evaluations, and Case Management Improvements Fed Rcpts \$375.0 I/A Rcpts \$125.0

SUBCOMMITTEE AMENDMENTS:

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

ATTACHED REPORTS

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

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

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^UNIVERSITY OF ALASKA

[1:50:41 PM](#)

Representative Stapp relayed that his staff would provide the subcommittee report for the University of Alaska.

PAUL MENKE, STAFF, REPRESENTATIVE WILL STAPP, reviewed the finance subcommittee recommendations for the University of Alaska (copy on file):

The House Finance Budget Subcommittee for the University of Alaska held a total of three meetings.

The subcommittee made a few changes to the Governor's operating budget and submits the following recommended operating budget for the FY 25 to the House Finance Committee:

Fund Source (dollars are in thousands)
Unrestricted General Funds (UGF) \$329,322.7
Designated General Funds (DGF) \$313,545.4
Other Funds \$75,530.5
Federal Funds \$190,842.7
Total \$909,241.3

RECOMMENDATIONS

Compared to the FY25 adjusted base, the subcommittee recommendations represent an increase of \$14,781.1 (4.7 percent) in Unrestricted General Funds, a decrease of \$1,585.1 (-0.5 percent) in Designated General Funds, an increase of \$20.0 (0 percent) in Other funds, and no adjustment to Federal Funds for a total increase of \$13,216.0 (1.5 percent).

POSITIONS

Permanent Full-time: 3,664
Permanent Part-time: 207
Temporary: 0
Total: 3,664

Compared to the FY 25 Adjusted Base, the Subcommittee recommendations represent no change in Permanent Full-Time positions, Permanent Part-Time positions, or Temporary positions.

BUDGET ACTION

After reviewing and discussing each of the Governor's proposed transactions, the subcommittee adopted all items in the Budget Action sheet by unanimous consent. Some of the highlights of these items are:

- Fixed cost increases: Increased UGF funding for fixed cost increases to \$8,431,100.
- Faculty and Staff Compensation: Increased UGF funding for faculty and staff compensation to \$12,230,600.
- Alaska Center for Energy and Power (ACEP): Supported a \$200,000 grant to ACEP to facilitate

the Energy Education Working Group, the Carbon Capture, Utilization and Storage Group, and the Hydrogen Working Group.

- Maintain Tuition Assistance: Declined the Governor's proposal to reduce Alaska tuition assistance for Alaska National Guard and Naval Militia members.

SUBCOMMITTEE AMENDMENTS:

The Chair set an amendment deadline and received five total amendments. After discussion, none of the amendments were adopted.

ATTACHED REPORTS:

The House Finance Budget Subcommittee for the University of Alaska adopted the attached reports:

- Agency Totals
- Transaction Compare: Adjusted Base to House Subcom
- Transaction Compare: Gov Amended - House Subcom

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Representative Stapp concluded the overview of the University of Alaska budget.

^DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

[1:54:49 PM](#)

ZACH YOUNG, STAFF, REPRESENTATIVE FRANK TOMASZEWSKI, reviewed the finance subcommittee recommendations for the Department of Labor and Workforce Development (DLWD) (copy on file):

The House Finance Budget Subcommittee for the Department of Labor and Workforce Development held a total of three meetings, made no changes to the Governor's request or amended budget, and submits the following recommended operating budget for FY 25 to the House Finance Committee:

RECOMMENDATIONS:

Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF) \$22,156.9
Designated General Funds (DGF) \$32,022.4
Other Funds \$19,762.0
Federal Funds \$92,646.8
Total \$166,588.1

Compared to the FY 25 adjusted base, the subcommittee recommendations represent an increase of \$535.3 (+2.5 percent) in Unrestricted General Funds, \$1631.1 (+5.4 percent) in Designated General Funds, and \$3,811.6 (-1.4 percent) in other funds, with no change in Federal Funds for a total increase of \$5,978.0 (+3.7 percent) of all funds.

Positions:

Permanent Full-time 680
Permanent Part-time 43
Temporary 21
Total 744

BUDGET ACTION:

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

Some of the highlights of these items are:

- \$437.8 UGF Increment to reestablish the Office of Citizenship Assistance and reclass 3 vacant positions.
- \$97.5 UGF Increment to Replace Federal Indirect Revenues to maintain Vocational Rehabilitation Administration Support

SUBCOMMITTEE AMENDMENTS:

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

ATTACHED REPORTS:

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

- DOL&WD Agency Totals

- DOL&WD Transaction Compare: Adjusted Base to House Subcommittee
- Wordage

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Representative Hannan referenced the subcommittee recommendation to replace federal indirect revenues for vocational rehabilitation with UGF. She supported the addition of the UGF funds. She referenced the first page of the narrative specifying there was no change in federal funding. She asked for an explanation.

Mr. Young replied that the increment was due to a department vacancy factor that made federal funds non-collectable. As a result, the department needed stopgap funding to fill the positions in order to collect the federal funding. He asked the Legislative Finance Division about the accuracy of his response.

VALERIE ROSE, FISCAL ANALYST, LEGISLATIVE FINANCE DIVISION, agreed with Mr. Young's statements.

Representative Hannan asked for verification that there was no reduction in federal funds, but that state matching funds were required in order to receive the revenue.

Ms. Rose clarified that it was not a match factor necessarily. She explained that many of the positions within DLWD were all or substantially federally funded. In many cases the programs had requirements for the direct service positions versus the administrative positions responsible for running the programs. She elaborated that at times if there was a higher vacancy in the direct service positions fully funded with direct federal revenues, the indirect revenues could not be collected for the administrative positions. As a result, the department requested a one-time increment of \$97,500 as a stopgap for the loss of federal indirect revenue.

Representative Hannan supported the funding. She remarked that the vocational rehabilitation money, which was mostly comprised of federal funds, benefitted the state by getting Alaskans back to work.

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Representative Stapp asked about the 1054 fund source of \$1.6 million for STEP [State Training and Employment Program]. He read in the Budget Analysis sheet (copy on file) that the increase was based on available revenues. He asked if the increase was guaranteed or hollow authority. He asked for clarification.

Ms. Rose responded that the revenues were from employee taxes collected and distributed through competitive grants. It was her understanding that the revenues were available, and the department was requesting the authority to expend them on the competitive grants.

Representative Stapp stated his understanding that the taxes were not increasing, but more money had been collected because employees were getting paid more or the number of employees had increased; therefore, there was increased funding available to give out in STEP grants.

Ms. Rose agreed.

^DEPARTMENT OF ENVIRONMENTAL CONSERVATION

[2:03:13 PM](#)

Representative Tomaszewski relayed that his staff would provide the subcommittee report for the Department of Environmental Conservation.

ZACH YOUNG, STAFF, REPRESENTATIVE FRANK TOMASZEWSKI, reviewed the finance subcommittee recommendations for DEC (copy on file):

The House Finance Budget Subcommittee for the Department of Environmental Conservation held a total of four meetings, made no changes to the Governor's request or amended budget, and submits the following recommended operating budget for FY 25 to the House Finance Committee:

RECOMMENDATIONS:

Fund Source: (dollars are in thousands)
Unrestricted General Funds (UGF) \$22,171.6
Designated General Funds (DGF) \$23.074.0
Other Funds \$20,967.0
Federal Funds \$41,785.9

Total \$107.998.5

Compared to the FY 25 adjusted base, the subcommittee recommendations represent an increase of \$125.0 thousand (+0.6 percent) in Unrestricted General Funds, \$110.7 thousand (+0.5 percent) in Designated General Funds, as well as a decrease of \$10.7 thousand (-0.5 percent) in other funds and a decrease in Federal Funds of \$1,918.1 million (-4.4 percent), for a total decrease of \$1,793.1 million (-1.6 percent) of all funds.

Positions:

Permanent Full-time 546
Permanent Part-time 0
Temporary 9
Total 555

BUDGET ACTION:

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

Some of the highlights of these items are:

- \$125 UGF Increment to replace Fed Receipts for Building Maintenance of Air lab.
- \$110.7 DGF Increment to replace other uncollectable receipts.

Mr. Young added that the narrative did not reflect an \$87,500 increment in the governor's original budget request because it had been moved into the governor's amended budget for FY 24 in order to make progress in the coming months on moving the air lab in Juneau. He continued with the subcommittee report:

SUBCOMMITTEE AMENDMENTS:

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

ATTACHED REPORTS:

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

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

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Representative Ortiz observed that the category of "other" funds appeared to account for about 17 percent of funds collected. He asked what kind of sources were included in the other funds category.

Mr. Young explained that the "other" funds category was a catch-all term primarily for interagency receipts in addition to any other collectible revenue that did not fall into the federal or state UGF or DGF categories. He would have to follow up with any additional detail.

Representative Ortiz stated he had previously asked about fund code 1205 related to the Ocean Ranger Program during the subcommittee process. He had asked where the funding was being spent. He observed there was about \$2.1 million in those funds that were a part of the "other" funds category. He had not been able to get any information on how the funding was being used. He asked if Mr. Young had any new information.

Mr. Young answered that he did not have an update.

Representative Tomaszewski replied that he did not have an update currently. He would provide the information as soon as it was available.

Co-Chair Johnson requested to receive the information as well.

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 meeting.

ADJOURNMENT

2:09:01 PM

The meeting was adjourned at 2:09 p.m.