

HOUSE FINANCE COMMITTEE  
March 7, 2024  
1:35 p.m.

[1:35:02 PM](#)

CALL TO ORDER

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

MEMBERS PRESENT

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

Representative Bryce Edgmon, Co-Chair  
Representative Neal Foster, Co-Chair

ALSO PRESENT

Brodie Anderson, Staff, Representative Neal Foster; Alexei Painter, Director, Legislative Finance Division; Sue Stancliff, Staff, Representative Mike Cronk; Conor Bell, Fiscal Analyst, Legislative Finance Division; Bernard Aoto, Staff, Representative Will Stapp.

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 268 was HEARD and HELD in committee for further consideration.

SUBCOMMITTEE CLOSEOUT REPORTS:

LEGISLATURE  
DEPARTMENT OF NATURAL RESOURCES  
DEPARTMENT OF FAMILY AND COMMUNITY SERVICES  
DEPARTMENT OF HEALTH

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

[1:36:16 PM](#)

^LEGISLATURE

BRODIE ANDERSON, STAFF, REPRESENTATIVE NEAL FOSTER, read through the finance subcommittee recommendations for the Legislature (copy on file):

RECOMMENDATIONS:

The House Finance Budget Subcommittee for the Legislature submits the following recommended operating budget for FY2025 to the House Finance Committee:

Fund Source: (dollars are in thousands)  
Unrestricted General Funds (UGF) \$82,848.3  
Designated General Funds (DGF) \$ 639.9  
Other Funds \$ 332.4  
Federal Funds \$ 0.0  
Total \$83,820.6

The Unrestricted General Fund difference from FY25 Adjusted Base to the House Subcommittee budget recommendation is an increase of \$1,504.5 million of Unrestricted General Funds, which is 1.8% above the FY25 Adjusted Base.

Positions:  
Permanent Full-time 272  
Permanent Part-time 279  
Temporary 28  
Total 579

**BUDGET ACTION:**

The House Finance Budget Subcommittee for the Legislature reviewed the FY2025 Legislature's budget requests for both the Legislative Council and the Legislative Budget & Audit, and recommends the following actions:

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

- \$707.0 thousand Unrestricted General Fund swap from the Restorative Justice Fund for the Office of Victims Rights.
- \$100.0 thousand of Unrestricted General Funds for Security Service at the Anchorage Legislative Office Building.

2) Accept all the Legislative Council & Legislative Budget & Audit proposed budget items.

This includes the following highlighted items:

- The establishment of Division of Technology and Information Service Transfer out from Administrative Services and into the Division of Technology and Information Service of the following:

- 65 positions
- \$4,059.7 thousand of Unrestricted General Funds
- \$6.7 thousand of Interagency Receipts
- \$235.0 thousand of General Fund Program Receipts for the Assembly Building Apartments.
- \$90.8 thousand of Unrestricted General Fund for increased lease costs.
- \$22.7 thousand of Unrestricted General Fund for the transition of a part-time position to a full-time position for the Select Committee on Ethics.
- \$100.0 thousand of Unrestricted General Fund for transition of a part-time position to a full-time position for the Legislative Security Services in the
- Capital.
- The transfer of 60 positions from Legislators Allowances to the following:
  - 40 positions to House Legislators Salaries
  - 20 positions to Senate Legislators Salaries
- \$581.0 thousand of Unrestricted General Fund to ensure funding for a 30-Day Special Session, if necessary.
- \$375.0 thousand of Unrestricted General Fund for the Redistricting Board for funding ongoing litigation.

ATTACHED REPORTS:

The House Finance Budget Subcommittee for the Legislature adopts the attached reports:

1. Agency Totals
2. Transaction Compare FY25 AdjBase and House Subcommittee
3. Transaction Compare FY25 GovAmend to House Subcommittee

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Mr. Anderson concluded the report.

Representative Josephson asked Mr. Anderson to explain the restorative justice swap and why it was necessary.

Mr. Anderson responded that the Restorative Justice Fund (RJF) collected its funding through the size of the

Permanent Fund Dividend (PFD). The account had received significantly less funding for distribution because the PFD had been smaller in the prior year. The fund source swap was intended to cover the cost of the lost unrestricted general fund (UGF) revenue.

Representative Stapp asked if it was wise to have two separate salary line items in the budget going forward. He thought it seemed like the salaries of one legislative body could be changed to be different than the salaries of the other legislative body if the two were separate line items.

Mr. Anderson agreed that it was a policy decision made at the legislative level. He thought that the swap was the necessary way to resolve the issue. He relayed that the legislature could make a policy decision in the future to change it.

Co-Chair Johnson asked what Mr. Anderson meant by stating that the swap was the only way to handle the situation.

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Mr. Anderson understood that after debate on the budget in the prior year between the two bodies on items such as the handling of compensation, the Senate had decided to split up the House salaries and the Senate salaries into two allocations. The positions were not moved in the prior year. There was an allocation that would pay for the salaries of the 40 House members but the positions had not been moved with the allocation. The change was to move the positions to match the allocation. He suggested that the Legislative Finance Division (LFD) clarify the situation.

Co-Chair Johnson understood that the House had reduced the office accounts in the past and the Senate had not. She thought there was a difference and she would look into it.

Representative Hannan asked if the structure was in existence already and was differentiated because the office accounts were different depending on the legislative body. She understood that the salary and position funds had been moved into the two office account line items.

Mr. Anderson suggested that LFD respond to the question.

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ALEXEI PAINTER, DIRECTOR, LEGISLATIVE FINANCE DIVISION, explained that prior to the Senate's action in the prior year, there was a single allocation for the salaries and allowances for legislators in both the House and Senate. In the prior year, the salaries were split from the allowances and the Senate was split from the House. There had been other disagreements in past years about whether the allocations should be separated and the allocations had been separated and recombined in the past.

Co-Chair Johnson asked if there had been recent discussion on recombining the allocations.

Mr. Anderson responded that there were no discussions on recombination in the subcommittee meetings.

Representative Galvin noted that there was an allocation to ensure that there would be sufficient funding for a special session. She asked if funding for special session was normally handled in the subcommittee process or if there could be a supplemental for the funding. She asked if the estimated expenditure was intended for a month in Juneau, in Anchorage, or elsewhere.

Mr. Painter responded that there was existing funding for special session, but it was not sufficient for a full special session. The cost of a full special session would be about \$1 million. The increment was also offered in the prior year by the Legislative Council, included in the budget, and vetoed by the governor. The intention was to avoid pulling funding from other parts of the budget to fund a special session. When there had been special sessions in previous years, funding was transferred within the legislative budget to cover the costs. The intention of the increment was to reflect the costs up front rather than transferring funds in the future.

Mr. Anderson added that the costs were associated with a special session being held in Juneau with currently established support.

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^DEPARTMENT OF NATURAL RESOURCES

[1:50:37 PM](#)

Representative Cronk introduced himself and his staff.

SUE STANCLIFF, STAFF, REPRESENTATIVE MIKE CRONK, read through the finance subcommittee recommendations for the Department of Natural Resources (DNR) (copy on file):

FY25 HOUSE FINANCE BUDGET SUBCOMMITTEE DEPARTMENT OF NATURAL RESOURCES NARRATIVE REPORT  
March 6, 2024

The House Finance Budget Subcommittee for the Department of Natural Resources held a total of three meetings and submit the following recommended operating budget for FY25 to the House Finance Committee:

RECOMMENDATIONS:

Fund Source: (dollars are in thousands)  
Unrestricted General Funds (UGF) \$79,848.0  
Designated General Funds (DGF) \$47,418.1  
Other Funds \$42,195.9  
Federal Funds \$18,616.2

Total \$188,078.2

Compared to the FY25 Adjusted Base, the Subcommittee recommendations represent an increase of 5,538.0 (+7.5%) in Unrestricted General Funds, an increase of \$2,218.7 (+4.9%) in Designated General Funds, an increase of \$334.2 (+0.8%) in Other State Funds, and a decrease of \$199.2 (+1.1%) in Federal Receipts, for a total of \$7,891.7 (+4.4%) of all funds.

Positions:

Permanent Full-time 745  
Permanent Part-time 234  
Temporary 74  
Total 1,053

BUDGET ACTIONS:

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

Division of Parks & Outdoor Recreation: The subcommittee changed out a Park Ranger I to Park

Specialist authorizing \$199.0 for improvement of park maintenance in the Delta Area. Mining, Land & Water: Changed the increment of Geological & Geophysical Survey to a three year temporary increment of \$1,000.0 to conduct research on Geothermal Energy potential.

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

Authorized \$400.0 in General Fund Program Receipts for Reclassification and Range flexibility of Natural Resource Specialist positions. Added \$1,800.0 for incentive pay to recruit and retain wildlife fire fighters. Authorized \$900.0 UGF allowing Timber Sale Receipts to fund expanded forest road access projects. Added \$1,500 for new leases for the Northern Region Warehouse and Southcentral Crew Facility. Added \$741.0 GF for Navigability and Revised Statue 2477. Authorized the Governor's Amendment for Facilities \$578.0 for the lease renewal at the Fairbanks Denali Building

#### SUBCOMMITTEE AMENDMENTS:

The Chairman set an amendment deadline, welcomed amendments from all members. The subcommittee adopted two amendments; both are Intent Language.

#### Intent

It is the intent of the legislature that the Department of Natural Resources, Division of Forestry shall provide a report detailing salvage sales, emergency sales, and expedited sales of timber, including the timeline of recent and pending sales, as well as acreage sold and resulting state revenues. This report shall be provided to the Co-chairs of Finance and Legislative Finance Division by December 20, 2024.

It is the intent of the legislature that the Department of Natural Resources, Division of Forestry provide to the Co-Chairs of Finance and the Legislative Finance Division at the conclusion of the calendar year 2024 fire season, an estimate of supplemental funding needed for the remainder of FY 2025. At the time of the Governor's FY 2025 supplemental budget submittal, the Department shall also provide to the Co-Chairs of Finance and the

Legislative Finance Division the Fire Cost Summary report providing a detailed breakdown of actual and projected expenditures and reimbursements.

#### ATTACHED REPORTS

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

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

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Representative Galvin asked about the increment change for a three-year geological and geophysical survey. She referred to page 3 of the Budget Analysis report (copy on file) which showed the addition of two permanent full-time positions. She was uncertain if the category of permanent was correct considering that the survey would only last for three years.

Ms. Stancliff responded that she understood the allocation for the two new employees was unrelated to the new three-year survey. She noted that her understanding could be incorrect.

Representative Galvin asked if she could receive confirmation that the information was correct. She recalled that the increment was an addition of \$1 million for overall geothermal costs.

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AT EASE

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RECONVENED

Ms. Stancliff suggested that LFD respond to the question.

CONOR BELL, FISCAL ANALYST, LEGISLATIVE FINANCE DIVISION, responded that the subcommittee change would remove the governor's base increment for geothermal research and

replace it with a three-year temporary increment. Both the DNR subcommittee item and the governor's budget item included two permanent full-time positions and would cost \$1 million. The difference was that the subcommittee increment was temporary and the governor's item was permanent. He clarified that the subcommittee item would cost \$1 million per year for three years.

Representative Galvin noted that the positions were listed as full-time permanent positions for three years. The full-time permanent positions would be funded for three years with a temporary increase. She asked if her understanding was correct.

Mr. Bell responded in the affirmative and confirmed that the funding increment was temporary but the positions were permanent.

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^DEPARTMENT OF FAMILY AND COMMUNITY SERVICES

[2:00:59 PM](#)

Representative Stapp introduced himself and his staff.

BERNARD AOTO, STAFF, REPRESENTATIVE WILL STAPP, read through the finance subcommittee recommendations for the Department of Family and Community Services (DFCS) (copy on file):

The House Finance Budget Subcommittee for the Department of Family & Community Services held a total of five meetings consisting of division overview presentations and discussions over the Governor's amended budget. Based on those considerations, the Subcommittee has made a few changes to the Governor's operating budget 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) \$259,230.3

Designated General Funds (DGF) \$29,971.9

Other Funds \$105,830.0

Federal Funds \$85,178.6

Total \$480,210.8

Compared to the FY25 Adjusted Base, the Subcommittee recommendations represent an increase of \$7,315.6 (2.9%) in Unrestricted General Funds, No change in Designated General Funds, \$2,355.6 (2.3%) in Other funds, and \$1,392.8 (1.7%) in Federal funds for a total increase of \$11,064.0 (1.1%) in all fund sources.

#### POSITIONS

Permanent Full-Time (PFT) 1866

Permanent Part-Time (PPT) 11

Temporary 66

Total 1,943

Compared to the FY25 Adjusted Base, the Subcommittee recommendations represent no change in the number of positions within the Department.

#### BUDGET ACTION

The Subcommittee reviewed and discussed each of the Governor's proposed transactions in detail. After consideration, all items were adopted unchanged with unanimous consent.

Highlights (dollars are in thousands):

The following are items unchanged from the Governor's proposal:

- \$1,000.0 Gen Fund one-time increment to allow the department to retain legal counsel for a class action lawsuit.
- \$1,392.8 Federal Receipts, \$1,058.3 GF Match, and \$2,548.9 Gen Fund to increase foster care base rates to align with rate review.
- The following are items changed by the subcommittee:
- \$750.0 Gen Fund temporary increment to FY28 to support resources to meet the level of care needed for complex patients to transition to a community-based setting.
- \$100.0 Gen Fund increment to support People First Initiative Grants.
- Reduced the authority of the Commissioner to transfer funds between appropriations within the

Department from \$10,000.0 to \$7,500.0 and added additional wordage to require the Department to report to the Legislature any transfers made in the last fiscal year.

#### SUBCOMMITTEE AMENDMENTS

The Chair set an amendment deadline and welcomed amendments from all members. There was one amendment received. The amendment was offered and discussed, and the subcommittee decided not to adopt the amendment.

#### ATTACHED REPORTS

The House Finance Budget Subcommittee for the Department of Family & Community Services adopted the attached reports:

- DFCS Agency Totals
- DFCS Transaction Compare: FY25 Adjusted Base to House Subcom
- DFCS Transaction Compare: FY25 Gov Amend to House Subcom
- Wordage

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Representative Ortiz asked for a description of the People First Initiative.

Representative Stapp replied that the change came from Representative C.J. McCormick. The initiative involved grant distributions for a variety of programs, mainly in rural areas of the state. He could provide more details in a follow up.

Representative Hannan asked how long the class action lawsuit had been going on, what the lawsuit was about, and how much money had already been spent on the lawsuit.

Representative Stapp responded that the concept was to retain legal counsel because other similar cases in other states lacked the funds for the cases and the lawsuits were extended for many years. He understood that a similar situation in Texas ended in Texas paying out around \$12 million for the case. He thought it would be an interesting conversation with the Department of Law (DOL). He was

unsure if DOL had an existing Reimbursable Services Agreement (RSA).

Co-Chair Johnson reminded members that the purpose of the subcommittee recommendations was to inform the House Finance Committee of the actions of the subcommittees. She indicated that Representative Stapp would be available outside of the committee meeting to respond to any detailed questions. She thought it would be more appropriate to have an in-depth conversation when the committee discussed proposed committee substitutes and amendments.

Representative Hannan asked what the topic of the lawsuit was and when the litigation began.

Mr. Aoto responded that he was unsure when the lawsuit began, but the case was a civil lawsuit regarding the A Better Childhood (ABC) organization. He thought that the lawsuit began in the prior year but he was not certain.

Representative Josephson commented that there was a discussion in the subcommittee regarding the Department of Justice (DOJ) investigation and whether the state was properly assisting children in Alaska. There was a question as to whether the state should reach a settlement as it could be cheaper than litigating the case; however, the merits of the lawsuit were not discussed in detail.

Co-Chair Johnson understood that the increment came about due to an amendment in subcommittee and it was not in the governor's budget.

Representative Stapp responded that he wanted to be cautious about discussing legal cases. The amendment in subcommittee was a reduction in the amount of money for the lawsuit but the subcommittee rejected the amendment. He wanted to tread carefully around the subject of active litigation.

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^DEPARTMENT OF HEALTH

[2:11:07 PM](#)

Mr. Aoto read through the finance subcommittee recommendations for the Department of Health (DOH) (copy on file):

The House Finance Budget Subcommittee for the Department of Health held a total of five meetings consisting of division budget presentations and discussions over the Governor's proposed and amended budget. Based on those considerations, the Subcommittee has made several changes to the Governor's operating budget 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) \$973,183.5  
Designated General Funds (DGF) \$54,693.1  
Other Funds \$98,171.5  
Federal Funds \$2,337,512.1  
Total \$3,463,560.2

Compared to the FY25 Adjusted Base, the Subcommittee recommendations represent a decrease of \$6,905.6 (0.7%) in Unrestricted General Funds, an increase of \$171.9 (0.3%) in Designated General Funds, a decrease of \$900.3 (0.9%) in Other funds, and an increase of \$308,796.8 (15.2%) in Federal funds for a total increase of \$301,162.8 (9.5%) in all fund sources.

#### POSITIONS

Permanent Full-Time (PFT) 1536  
Permanent Part-Time (PPT) 5  
Temporary 60  
Total 1601

Compared to the FY25 Adjusted Base, the Subcommittee recommendations represent an increase of twenty-five PFT positions (1.7%) within the Department.

#### BUDGET ACTION

The Subcommittee reviewed and discussed each of the Governor's proposed transactions in detail. After consideration, most of the items were adopted unchanged. There were also several changes made by the committee.

Highlights (dollars are in thousands):

The following are items unchanged from the Governor's proposal:

- \$862.3 GF Match increment with \$897.4 in Federal Receipt authority to support funding for 20 permanent positions authorized in FY23 and FY24 in the Public Assistance Field Services allocation.
- \$4,151.1 GF Match increment with \$10,237.6 in Federal Receipt authority to fund the second year of Medicaid eligibility for postpartum mothers in support of SB58 which was passed by the Legislature in FY24.
- The following are items changed by the subcommittee:
  - Reduction of \$10,000.0 in Medicaid Services in anticipation of decreased utilization due to ongoing Medicaid Redetermination process.
  - \$935.0 GF Match increment with \$935.0 in Federal Receipt authority to maintain Health Information Exchange operations.
  - \$1,500.0 GF Match temporary increment to FY30 which is spread out between Public Health Laboratories and Epidemiology allocations to support efforts to eliminate congenital syphilis.
  - \$500.0 GF Match temporary increment to FY30 which is spread out between Public Health Laboratories, Nursing, and Epidemiology allocations to adopt recommendations in the Alaska Tuberculosis Elimination Plan.
- Reduced the authority of the Commissioner to transfer funds between appropriations within the Department (except for appropriations from Medicaid Services) from \$15,000.0 to \$10,000.0 and maintains wordage to require the Department to report to the Legislature any transfers made in the last fiscal year.

#### SUBCOMMITTEE AMENDMENTS

The Chair set an amendment deadline and welcomed amendments from all members. There were twelve amendments received. The committee adopted two amendments, rejected six amendments, and four amendments were not offered or withdrawn.

Adopted Amendments (dollars are in thousands):

- \$1,200.0 Gen Fund to restore the funding that was listed as a decrement to fund Public Health Nursing Grants.
- \$821.5 Gen Fund and accompanying intent language to support increased rates for the General Relief Temporary Living Assistance Program

ATTACHED REPORTS

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

- DOH Agency Totals
- DOH Transaction Compare: FY25 Adjusted Base to House Subcom
- DOH Transaction Compare: FY25 Gov Amend to House Subcom
- Wordage

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Co-Chair Johnson asked if there were questions or comments from the committee. She commended the subcommittee members for their hard work.

Co-Chair Johnson read a clarification:

Technical corrections made by LFD would not include corrections to subcommittee closeout narratives as the narratives were crafted by specific legislative offices. Any corrections must be made by the office responsible for preparing the narratives. The \$200 error in the Department of Transportation and Public Facilities (DOT) closeout narrative pointed out by Representative Galvin [during the House Finance Committee meeting on March 6, 2024, at 2:03 p.m.] had been corrected by Representative Tomaszewski's office.

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 agenda for the committee's following meeting.

#

ADJOURNMENT

2:18:31 PM

The meeting was adjourned at 2:18 p.m.