

HOUSE FINANCE COMMITTEE
March 12, 2024
1:38 p.m.

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CALL TO ORDER

Co-Chair Johnson called the House Finance Committee meeting to order at 1:38 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

Remond Henderson, Staff, Representative DeLena Johnson; Alexei Painter, Director, Legislative Finance Division; Robyn Niayuq Burke, Association of Alaska School Boards, Utqiagvik; Dana Mock, Association of Alaska School Boards, Delta Greely; Margo Bellamy, Association of Alaska School Boards, Anchorage.

PRESENT VIA TELECONFERENCE

Tom Atkinson, General Manager and CEO, Kotzebue Electric Association, Kotzebue; Topaz Stotts, Self, Anchorage; Ron Curtis, General Manager, Inter Island Ferry Authority, Prince of Wales; Christine Pate, Legal Program Director, Alaska Network on Domestic Violence and Sexual Assault, Sitka; Heidi Young, Island Care Services, Prince of Wales;

Louis Theiss, Self, Girdwood; Kai Monture, Self, Juneau; Marge Stoneking, AARP Alaska, Anchorage; Renee Schofield, Chair, Advisory Board of Alcoholism and Drug Abuse, Ketchikan.

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.

Co-Chair Johnson reviewed the meeting agenda. The committee would adopt the new committee substitutes for the operating and mental health budgets followed by off-net public testimony.

#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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Co-Chair Johnson provided comments about the committee substitute process. She thanked Legislative Finance

Division Director Alexei Painter for his work. She relayed her intention for a robust budget process with an ample opportunity for public testimony. The committee substitutes (CS) contained the numbers section recommendations from the subcommittee process and language section recommendations from her office. She noted the bills reflected a starting point and there would be a more complete budget picture with the release of the spring revenue picture the following day. The spring forecast and additional governor's amendments would be presented to the committee on Thursday [March 14]. Her goal was to give each expenditure a hard look, make smart reductions, fully fund essential services, have the largest PFD, and leave some money for the capital budget.

Co-Chair Foster MOVED to ADOPT the proposed committee substitute for HB 268, Work Draft 33-GH2492\U (Marx, 3/11/24).

Co-Chair Johnson OBJECTED for discussion. She invited her staff to explain the changes in the CS.

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REMOND HENDERSON, STAFF, REPRESENTATIVE DELENA JOHNSON, explained the changes in the CS. He stated that the CS reflected all of the actions of the subcommittees and changes made to the language section compared to the original version of the bill introduced January 18, 2024. He listed five additional documents included in members' packets (copy on file): 1) Agency Summary 1 - UGF; 2) Agency Summary 2 - All Funds; 3) Transaction Compare 1 - Gov Amend to HCS1; 4) Transaction Compare 2 - Gov Supplemental 12/15/24 to HCS1; and 5) Transaction Compare 3 - Gov Amend to HCS1 Mental Health Only. The CS included all of the changes from the subcommittee closeouts. The subcommittee closeouts included all of the governor's amendments to the numbers section submitted on February 14, 2024. He noted the amendments had been reviewed by the subcommittees and had also been presented to the committee by the Office of Management and Budget (OMB) on February 15.

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Mr. Henderson provided a summary of the operating budget CS. The CS reflected a total FY 25 budget of

\$10,232,750,300 for agency operations (day-to-day operations of state government) and \$680,087,000 for statewide items (debt service, retirement payments, special appropriations, and fund capitalizations). The funding sources for agency operations and statewide items were \$4,709,062,000 unrestricted general funds (UGF), \$892,610,400 designated general funds (DGF), \$1,712,696,800 in other funds (i.e., authorization of corporate receipts such as Alaska Industrial Development and Export Authority (AIDEA) and Alaska Housing Finance Corporation (AHFC); interagency receipts; and airport receipts). The CS also reflected \$3,539,471,100 in federal funds.

Mr. Henderson summarized the changes made between the governor's amended budget and the CS. There were 19 agency subcommittee closeouts and some changes to the governor's amended request. Compared to the governor's amended budget, the CS reflected a general fund increase of \$6,581,200 in agency operations (a 0.2 percent increase). There was a UGF decrease of \$4,996,100 for statewide items (a 1.4 percent decrease).

Mr. Henderson addressed changes in agency operations that were not discussed in the subcommittee process. He turned to page 4, line 22 of the CS pertaining to Community and Regional Affairs under the Department of Commerce, Community and Economic Development (DCCED). He explained that Section 18(f) of the original bill appropriated \$296,500 to DCCED for a grant payment to Alaska Legal Services. The total appropriation for Alaska Legal Services was moved to the numbers section of the bill. He moved to page 5, line 28 pertaining to a \$3,086,100 increment for the Alaska Gasline Development Corporation (AGDC) that had been moved from the fund capitalization section of the original bill to the numbers section of the CS. Page 17, line 27, pertained to behavioral health and treatment recovery grants. He referenced a \$99,100 increment that had been funded in the governor's original budget with UGF. The governor's amended budget included a fund source change to restorative justice funds. The CS returned the fund source to UGF; therefore, the CS reflected a decrease in UGF funds of that amount.

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Mr. Henderson turned to page 20, lines 22 through 32 for Medicaid Services under the Department of Health (DOH). The CS added wordage to read:

No money appropriated in this appropriation may be expended for an abortion that is not a mandatory service required under AS 47.07.030(a). The money appropriated for the Department of Health may be expended only for mandatory services required under Title XIX of the Social Security Act, unless a U.S. Supreme Court decision provides new precedent, and for optional services offered by the state under the state plan for medical assistance that has been approved by the United States Department of Health and Human Services.

Mr. Henderson relayed that the wordage was identical to language from the previous year. He moved to page 20, line 21, that deleted the \$90,700 UGF that was spent on abortions in FY 23. Page 20, lines 28 through 32 included the following intent language for DOH:

It is the intent of the legislature that the Department of Health submit the Medicaid Services Projection Model and Summary Overview of UGF Medicaid Increments with year-to-date information for fiscal year 2025 to the Co-Chairs of the Finance Committees and the Legislative Finance Division by December 15, 2024, and subsequently update the report before resubmitting it by February 19, 2025.

Representative Josephson asked for the page number.

Mr. Henderson answered that he was speaking to page 20, lines 28 through 32. He turned to page 21, line 25 pertaining to workers' compensation. He detailed that \$118,000 was added to implement the compensation recommendation from the Workers' Compensation Hearing Officers Study. The item was a governor's amendment that the Legislative Finance Division (LFD) inadvertently left out of the Budget Analysis sheet when the subcommittee closed out. Page 28, lines 9 and 10 pertaining to the Alaska State Troopers (AST) and line 16 pertaining to the Alaska Wildlife Troopers (AWT). He explained that Section 25 of the original bill contained a \$500,000 increment to the AST detachment and \$300,000 to AWT. The language was

deleted in the CS and the appropriation was added in the numbers section.

Mr. Henderson turned to page 28, lines 29 and 30 pertaining to a \$99,100 increment to the Council on Domestic Violence and Sexual Assault (CDVSA). He explained that the governor's amended budget had changed the fund source from restorative justice funds to UGF. The CS reversed the fund source change to reflect the governor's original request. Line 29 reflected a decrease of \$99,100. Page 28, line 31 deleted the increase of \$198,300 in Restorative Justice Account authority made in the governor's amended budget and returned it to the level in the original request. He detailed there had been \$98,000 of restorative justice authority reduced in DOH and the Department of Public Safety (DPS) that was replaced with UGF. The restorative justice funds were reduced from the departments and were used to increase the funding in the Violent Crimes Compensation Board. He reiterated that the change reverted back to the governor's original request and contained no UGF.

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Mr. Henderson relayed there were several changes to the fund capitalization section of statewide items. He explained that there was a change in the language section made by the governor in the amended budget; however, language changes were not under the purview of the finance committees. He would cover the issue when he discussed other changes in the language section. Legislative Legal Services made several minor technical changes that he would not review.

Mr. Henderson turned to Section 7, the supplemental Department of Administration (DOA) on page 55, line 6 and line 11. The section added the date June 30, 2025, to extend the multiyear appropriation one additional year to enable the DOA to continue addressing the backlogs in the Office of Public Advocacy and Public Defender Agency. He read language pertaining to the abandoned motor vehicle fund on page 55, lines 21 through 25:

The unexpended and unobligated balance of the abandoned motor vehicle fund (AS 28.11.110) on June 30, 2024, estimated to be \$110,000, is appropriated to the Department of Administration, division of motor

vehicles, for the purpose of reimbursing municipalities for the costs of removing abandoned vehicles from highways, vehicular ways or areas, and public property for the fiscal years ending June 30, 2024, and June 30, 2025.

Mr. Henderson relayed that the language was also included in the FY 24 budget. The fund was capitalized in Section 32 of the CS; however, there was an appropriation needed to expend the funds to avoid a dedicated fund. He explained that revenue from the sale of abandoned vehicles collected in the fund without an appropriation.

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Mr. Henderson turned to Section 8, the supplemental for DCCED on page 55. He pointed to lines 26 through 30 reflecting \$3 million supplemental funding for Food Banks. The increment was changed from a supplemental appropriation for FY 24 to a multiyear appropriation for FY 24 and FY 25. The language change allowed DCCED to continue making grants to Food Banks in FY 25. He stated it was unlikely that all grant funds would be expended in FY 24. Page 55, line 31, through page 56, line 5 applied to DOH and was a change from a supplemental appropriation in FY 24 to a multiyear appropriation for FY 24 and FY 25. The change would enable DOH to continue to address the backlog in the Supplemental Nutritional Assistance Program (SNAP) to continue with applications in FY 25. The Permanent Fund section began on page 57, line 26 through 58, line 7. Page 58, subsection (c), lines 3 and 4 were changed to appropriate the entire percent of market value (POMV) draw from the Earnings Reserve Account (ERA) to the general fund. An appropriation would be made out of the general fund for the Permanent Fund Dividend (PFD) and state operations once the amounts had been determined. He stated it was deemed more appropriate to determine the amounts after the release of the spring forecast from the Department of Revenue on March 14.

Mr. Henderson relayed that Section 16(e) of the original bill included inflation proofing of \$1,468,000 from the ERA to the principal of the Permanent Fund, which was removed from the CS. There was no inflation proofing in FY 16 through FY 18 and FY 21 to FY 22, but there were transfers from the ERA to the fund principal of \$4 billion in FY 20 and FY 22, \$4.2 billion in FY 23, and \$1.46 billion in FY

24. Section 17, page 58, lines 8 through 27 was a new section including bonuses for certain executive branch employees similar to language the previous year. The language specified that OMB would send letters of agreement and cost estimates to the legislature as opposed to DOA.

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Representative Ortiz looked at Section 17 and asked if Mr. Henderson was saying the section was included in the budget the previous year. He asked how it was new.

Mr. Henderson clarified that the section was new in the CS because the governor had not included it in his original budget. He explained that the governor had not included the item in the FY 24 budget either and it had been added in the CS then as well.

Representative Ortiz asked if it was a correction of an error.

Mr. Henderson deferred the question to Mr. Painter.

ALEXEI PAINTER, DIRECTOR, LEGISLATIVE FINANCE DIVISION, answered that the language was added by the legislature the past several years. The reporting requirement was a policy choice by the legislature; therefore, typically such language was put forward by the legislature.

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Mr. Henderson read Section 17(g), page 59, lines 25 through 28:

The amount necessary to cover actuarial costs associated with bills in the finance committee of each house of the legislature, estimated to be \$0, is appropriated from the general fund to the Department of Administration for that purpose for the fiscal year ending June 30, 2025.

Mr. Henderson explained that the language was added to clarify that actuarial costs did not have to be obtained until the bill reached the finance committee. He elaborated the language aligned with an existing DOA policy. The language had also been included in the FY 24 budget. Section 18, page 59, lines 29 through page 60, line 2 was a

new section dealing with the abandoned motor vehicle fund. Adding the language with a multiyear appropriation for FY 25 and FY 26 would eliminate the need to request a supplemental appropriation in next year's language section. Receipts in FY 25 could be expended in FY 26.

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Representative Stapp asked how it was possible to extend an appropriation to FY 26 when it was a future legislature.

Mr. Henderson asked if Representative Stapp was asking if the item bound a future legislature.

Representative Stapp agreed. He restated his question.

Mr. Painter responded that it was not possible to spend future revenue, but an appropriation could be spent over multiple years as long as it used current-year revenue. The provision took the balance as of the end of FY 24 and spent it across FY 25 and FY 26.

Mr. Henderson relayed that the appropriation to Alaska Legal Services in Section 18(f) of the original bill had been deleted. He stated, "we've now put this in the language section, we've now put this in the numbers section." The total amount in the numbers section was the same as the governor's amended budget. The action merely simplified the bill. Page 61, lines 18 through 22 included a governor's amendment to appropriate \$340,000 in statutory designated program receipts (SDPR) collected by DCCED for natural hazard planning assistance for FY 25 and FY 26.

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Mr. Henderson turned to page 61, lines 23 through 26 showing an additional \$10 million UGF for the Community Assistance Program in FY 25. He explained that without the appropriation the distribution would only be \$20 million for community assistance. By statute, the distribution was one-third of the balance of the fund; the balance was currently \$60 million. He explained that the governor had vetoed the \$30 million appropriated by the legislature for FY 24. He elaborated that if the veto had not occurred, the fund balance would currently be \$90 million and \$30 million of that amount could be distributed. The addition of the

\$10 million in the FY 25 budget would enable a full distribution to the Community Assistance Program.

Mr. Henderson moved to Section 20, Department of Education and Early Development. He explained that Section 19(f) of the original bill had been deleted from the language section that appropriated \$1 million to provide a grant to Alaska Resources Education to expand the Statewide Workforce Development Initiative. He moved to Section 21 for the Department of Fish and Game. He detailed that Section 20 of the original bill appropriated \$300,000 from Commercial Fisheries Entry Commission (CFEC) receipts for the purpose of information technology upgrade projects for the fiscal years ending June 30, 2025, and 2026. The increment was deleted from the language section and placed in the numbers section of the CS with a \$150,000 annual temporary increment to avoid overdrawing CFEC receipts.

Mr. Henderson addressed Section 21, page 62, lines 24 through 27 for the Department of Fish and Game (DFG). He stated that federal funds received for fisheries disasters in FY 25, estimated to be \$0, was appropriated to DFG for FY 25 and FY 26, which would enable the department to expend and receive funds for fisheries disasters. The increment replaced a similar capital request and provided a more flexible option. He added that the funding was more appropriately placed in the operating budget. Section 21 pertaining to DOH was deleted and the department was given open-ended federal authority for Medicaid Services. The governor's amended budget added \$293,730,184 as the estimated amount to be received. The increment had been added to the numbers section of the bill. He stated that if the amount was insufficient, additional federal authority could be added in the FY 25 supplemental budget. The open-ended language was added during the COVID-19 pandemic and was no longer necessary.

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Mr. Henderson turned to Section 27, page 65, lines 8 through 15 pertaining to the University of Alaska. The section appropriated \$10 million from the general fund and \$10 million in UA receipts to the University of Alaska Fairbanks to achieve research Tier 1 status as defined by the Carnegie classification system for FY 25 through FY 27. The item had been requested in the governor's capital budget, but expenses were more aligned with operating

expenditures. Section 31, page 72, lines 5 through 9 was the Public Education Fund capitalization. The section was modified to account for estimated prior balance due to unspent Pre-K money from the Alaska Reads Act passed in 2022. The department transferred \$3 million to the Public Education Fund in FY 23 and \$6 million was transferred in FY 24 for Pre-K; however, the department was only expected to use \$1.7 million of the total. Consequently, the CS reduced the amount by \$7.3 million.

Representative Ortiz asked Mr. Henderson to elaborate on the reduction.

Mr. Henderson explained that \$3 million had been appropriated in FY 23 and \$6 million was transferred in FY 24, for a total of \$9 million. The department expected to only spend \$1.7 million of the total; therefore, the increment had been reduced by \$7.3 million.

Representative Ortiz asked if the \$1.3 million was for Pre-K.

Mr. Henderson agreed.

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Representative Stapp looked at line 5 and surmised it was foundation formula funding. He thought the excess lapse funding was a result of a difference in the expected average daily membership (ADM) associated with correspondence kids versus kids in brick and mortar schools.

Mr. Henderson replied that he did not believe the funding was related to the Base Student Allocation (BSA). He believed the money was appropriated specifically for the Pre-K program and would not be used.

Mr. Painter added that the Alaska Reads Act allowed Pre-K students to count as half a student for approved programs. He explained that the specific grant program did not begin until FY 24. There was a fiscal note for FY 23 because there had been a misunderstanding of the effective dates at the end of the 2022 session. He elaborated that \$3 million had been transferred for the purpose in FY 23, but there had been no program at the time; therefore, the money deposited into the Public Education Fund merely sat there.

The Alaska Reads Act specified there was \$3 million additional each year; therefore, \$6 million went into the fund the second year. The program was established late and only one district was able to successfully apply for the funds in the current year, which accounted for the \$1.7 million. The language deducted the prior year balance in the Public Education Fund to take into account the Pre-K money that was not spent.

Co-Chair Johnson noted there were 15 minutes remaining until public testimony.

Representative Galvin stated her understanding there was language in the Alaska Reads Act specifying that in order to qualify for that type of program it was necessary to meet a certain level of Head Start parameters. She asked, "If the language were to change by next year, then would this change, or does this stay as is because of previously spent dollars."

Mr. Painter answered that any change to the language would likely not impact the FY 24 spending because the application period was complete and only one district qualified. He relayed that if a change was made to the qualifications, it would likely impact FY 25. The FY 25 amount included \$9 million for the purpose in the Public Education Fund.

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Mr. Henderson moved to Section 31(t), page 74, lines 2 and 3. The section was modified to change the \$30 million funding for the capitalization of the Power Cost Equalization (PCE) Fund [community assistance fund]. The original bill funding sources contained \$27,818,100 from the PCE Fund and \$2,181,900 UGF. The CS reflected a \$30 million capitalization of the [community assistance] fund from the PCE Fund. He explained that with the transfer of PCE Fund management to the Alaska Permanent Fund Corporation (APFC) it was difficult to track the management fees deducted from the waterfall that determined the amount available from the PCE waterfall for community assistance each year. The governor's budget did not deduct the cost of the management fee. The CS reflected a choice to base the waterfall on actual expenditures in FY 23 rather than estimated FY 24 expenditures, which resulted in sufficient PCE funding to cover the FY 25 payment.

Mr. Henderson relayed that Section 31(u) of the original bill contained \$3,086,100 UGF for the Alaska Liquefied Natural Gas (AKLNG) project. The section was removed in the CS and the same appropriation was placed in the number section. He highlighted a new section [Section 32(o)] on page 76, lines 18 through 20:

The amount received by the Alaska Commission on Postsecondary Education as repayment for WWAMI medical education program loans, estimated to be \$575,000, is appropriated to the Alaska higher education investment fund (AS 37.14.750).

Mr. Henderson explained that the language pertaining to the Washington, Wyoming, Alaska, Montana, and Idaho (WWAMI) program was in previous budgets to align with the Higher Education Fund as the funding source for the WWAMI program. He noted the section had not been included in the governor's FY 25 budget. He relayed that Section 33(c) of the original bill contained an increment of \$2,410,000 for state retirement payments to the Judicial Retirement System (JRS). The section had been deleted from the CS. The June 30 valuation for past service liabilities was used to determine the FY 25 appropriation; however, the valuation was 101.6 percent of the value of the assets. The June 2023 draft valuation was at 112.6 percent of the value of the assets. There was no unfunded liability in Teachers' Retirement System (TRS). Therefore, the \$2.4 million exceeded the amount needed to address future payments and was unnecessary.

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Mr. Henderson turned to the last change in the bill in Section 40, page 81, line 12, which added retroactivity language in case the bill's effective date failed.

Representative Josephson looked at language on page 20, line 22 of the bill that prohibited payment of abortion services under general fund medical. He thought Mr. Henderson had stated that \$90,700 had been removed for that expense.

Mr. Henderson responded that the amount was removed from the allocation on [page 20] line 21. He stated it was the amount spent on abortions the previous year.

Representative Josephson stated, "So, that's illegal and so this is basically a cut to Medicaid?" He asked if his understanding was accurate.

Mr. Henderson replied affirmatively.

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AT EASE

[2:22:13 PM](#)

RECONVENED

Co-Chair Johnson WITHDREW the OBJECTION to the adoption of the work draft for HB 268.

There being NO further OBJECTION, Work Draft 33-GH2492\U was ADOPTED.

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Co-Chair Foster MOVED to ADOPT the proposed committee substitute for HB 270, Work Draft 33-GH2490\S (Marx, 3/11/24).

Co-Chair Johnson OBJECTED for discussion. She invited her staff to explain the changes in the committee substitute (CS).

REMOND HENDERSON, STAFF, REPRESENTATIVE DELENA JOHNSON, explained the changes in the CS. He stated that the changes made in the operating portion of the mental health budget were discussed during the subcommittee closeout. The [Alaska Mental Health Trust Authority] board approved \$133,500 for a long-term care ombudsman position in addition to \$126,100 for the Juneau mental health court. The items were not included in the governor's request and had been added by the subcommittees.

Co-Chair Johnson asked if Mr. Henderson was referencing a specific page in a document.

Mr. Henderson clarified he was not following the bill because there were only a couple of changes. The two changes he listed had been discussed during the subcommittee closeout process. He reviewed mental health capital budget items approved by the AMHTA board that were

excluded from the governor's budget. The CS added \$2,850,000 for the Homeless Assistance Program, \$575,000 for home modification and upgrades, and \$1,750,000 for special needs housing grants.

Representative Josephson asked about the \$2.8 million.

Mr. Henderson restated the mental health capital budget items added in the CS including \$2,850,000 for the Homeless Assistance Program, \$575,000 for home modifications and upgrades, and \$1,750,000 for special needs housing grants.

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Co-Chair Johnson WITHDREW the OBJECTION to the adoption of the work draft for HB 270.

There being NO further OBJECTION, Work Draft 33-GH2492\U was ADOPTED.

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AT EASE

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RECONVENED

^PUBLIC TESTIMONY: OFFNETS

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Co-Chair Johnson reviewed the protocol for public testimony. She provided the written testimony email address and the call in numbers.

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AT EASE

[2:38:20 PM](#)

RECONVENED

ROBYN NIAYUQ BURKE, ASSOCIATION OF ALASKA SCHOOL BOARDS, UTQIAGVIK, testified in support of education funding. She thanked the committee members for voting to pass SB 140. She highlighted that the Base Student Allocation (BSA) increase of \$680 was critical. She shared that the North Slope Borough Board of Education had put forward several initiatives that reflect Inupiaq values and incorporated

language and culture into all aspects of learning by strengthening culture based curriculum and reintroducing the Inupiaq language immersion program. She stated that the passing of the Alaska Reads Act indicated the legislature saw the need for targeted interventions. The board had directed its administration to hire interventionists without receiving additional funding to support academic growth. She relayed that a \$680 increase meant the district could sustain the critical programs. She urged committee members to think it over carefully. She thanked the committee.

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DANA MOCK, ASSOCIATION OF ALASKA SCHOOL BOARDS, DELTA GREELY, thanked the committee for the opportunity to speak. He emphasized the importance of the \$680 BSA increase in SB 140. He shared that his home school program had 333 kids and one teacher. Schools continued to do more with less. He stated that the governor's Alaska Reads Act was a great program, but it was not properly funded. He was praying the funding would get through. He emphasized the importance of the funding for the current and future generations. He thanked the committee.

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MARGO BELLAMY, ASSOCIATION OF ALASKA SCHOOL BOARDS, ANCHORAGE, shared that she is the current president of the Anchorage School Board. She profusely thanked the committee for the legislature's work on SB 140 and commitment to Alaska's children. She reviewed the association's mission to advocate for children and youth by assisting school boards in quality education focused on student achievement through effective local governance. She emphasized that every student in the state deserved the best education possible in safe and academically engaging schools. She stated that Alaska's public schools were struggling, but on the right track. She stressed that students must have equitable access to the digital world. She underscored the need for a permanent increase in the BSA. She emphasized the need for local control over educational matters. She stated that while some districts were in better shape than others, they were all struggling, and they all wanted to help and be part of the solution. She underscored that Alaska's children were the state's future. She thanked the committee.

Co-Chair Johnson appreciated the comments on SB 140 but clarified it was not in the budget. She stated it was a large fiscal note that would be added later.

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TOM ATKINSON, GENERAL MANAGER AND CEO, KOTZEBUE ELECTRIC ASSOCIATION, KOTZEBUE (via teleconference), testified in support of funding the Renewable Energy Fund (REF) through the Alaska Energy Authority. The fund was currently in round 16 and Kotzebue Electric Association was one of the three projects selected for funding. The three projects totaled \$7.6 million, but only \$5 million was allocated to the fund. There were 24 projects across the state on the list that totaled \$32 million. He hoped the legislature would allocate more money to the fund in order to fully fund the association's project and address more renewable energy projects. The fund had helped the association, which started with wind energy in the 1990s. He provided details on funding that had been provided. The association had received funding in REF round 13 for battery energy storage system design work. The project had also recently received \$3 million in federal funding. The fund had also helped pay for wind to solar transitions for its solar farm. The fund helped many communities throughout the state move forward on renewable energy projects.

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TOPAZ STOTTS, SELF, ANCHORAGE (via teleconference), thanked the committee for its support of SB 140. She requested a BSA increase of \$680. She asked the committee not to take from the BSA number to fund other additions to the bill. She stated that legislators were the experts in their field of work and teachers were the experts in classrooms. She emphasized the need for increased funding in order for students to be successful. She stated that the Alaska Reads Act could be implemented, but educational results would only change once the proper funding and support was received. She emphasized that the Alaska Reads Act had to be funded in order to be successful. Funding would enable schools to hire interventionists or reading specialists to help support reading groups. She listed other benefits of additional funding. She highlighted current staffing limitations. Class lessons were currently taught to the entire class simultaneously, which did not allow for

addressing different reading levels. She thanked the committee for investing in students.

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RON CURTIS, GENERAL MANAGER, INTER ISLAND FERRY AUTHORITY, PRINCE OF WALES (via teleconference), testified in support of funding for the Inter Island Ferry Authority (IFA). He shared that the IFA served about 50,000 passengers per year providing daily transportation between Prince of Wales Island and Ketchikan for medical, sporting events, and many other services. The ferry operated on a budget of under \$5 million per year. He detailed that 75 percent of the IFA budget was self-funded through its fares. The IFA relied on federal funds for its maintenance and the federal funding required matching funds. Over its 22 years of operation the IFA annually received about \$250,000 in the state's operating budget. He elaborated that FY 24 was the first year since 2014 that no state funding was allocated to IFA. The funds were not included in the FY 25 budget. He relayed that the IFA had \$25,000 in the bank currently and was really struggling. He emphasized the need for matching funds in order to access the federal funds.

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CHRISTINE PATE, LEGAL PROGRAM DIRECTOR, ALASKA NETWORK ON DOMESTIC VIOLENCE AND SEXUAL ASSAULT (ANDVSA), SITKA (via teleconference), asked for a restoration of \$4 million in the Council on Domestic Violence and Sexual Assault (CDVSA) budget. She remarked that critical programs could be at risk as a result of the cut. The ANDVSA legal program also received CDVSA funds through the VOCA [Victims of Crime Act] enhanced services funding that was at risk with the proposed cut. The agency used CDVSA funding to fund a small staff providing civil legal services to survivors statewide. The agency also used volunteer and contract attorneys. In FY 23, the agency provided legal services to 266 survivors and volunteer and contract attorneys donated \$675,000 in legal services to survivors. Donated services would be at risk if the agency lost its CDVSA funding. She listed various communities the agency served in the past week. She provided an example of an abusive situation and the services that were needed to help the victim move forward. There was no general right to counsel in the civil justice system and survivors had to look for help from a small number of nonprofit providers. She highlighted that

even with current funding the agency had to turn away individuals. The cut meant the agency could lose an attorney and half a paralegal position. She thanked the committee.

[2:57:26 PM](#)

HEIDI YOUNG, ISLAND CARE SERVICES, PRINCE OF WALES (via teleconference), highlighted the critical importance of the Medicaid waiver program. She stressed that the waivers needed to continue to be funded and saved the state money in the short and long-term. The funds enabled people to return home from the hospital and remain in their communities without having to live out their days in a higher level of care or institutional setting. She implored the committee to look at expanding funding for mental health services across Alaska. She stated that 80 to 90 percent of drug addictions were due to early childhood trauma and poor coping skills. Alaska currently had a serious shortage of behavioral health services for people seeking help. The services needed to be delivered to children in schools and other areas.

[2:59:19 PM](#)

LOUIS THEISS, SELF, GIRWOOD (via teleconference), requested a restoration of \$2.7 million to senior community grants. He stated that seniors in his town used Meals on Wheels and other related services. He noted that the state contribution provided the structure for like enhancements by volunteers, churches, cash donations, and nonprofits. He thanked the committee.

Co-Chair Johnson noted there were no additional callers on the list. She noted the committee would take a 15 minute at ease.

[3:01:14 PM](#)

AT EASE

[3:15:03 PM](#)

RECONVENED

Co-Chair Johnson noted there were no additional testifiers. She provided the call in numbers. She noted that the deadline to call in was 3:30 p.m.

3:16:15 PM

AT EASE

3:30:40 PM

RECONVENED

Co-Chair Johnson noted information about the following meeting.

3:31:29 PM

KAI MONTURE, SELF, JUNEAU (via teleconference), remembered Ashley Johnson Barr an indigenous Alaskan girl who was murdered at the age of 10. He remarked that it was likely possible to fill the calendar with the names of murdered and missing indigenous girls and women. He underscored that it was an epidemic occurring daily. He asked the committee to not cut \$4 million from CDVSA. He knew many victims of domestic violence and sexual assault who had yet to receive the full healing support of the community and state. He stressed that the rates of the crimes made the resources critical. He implored the committee to maintain the full funding for CDVSA to ensure support programs for victims and survivors were available.

3:33:10 PM

MARGE STONEKING, AARP ALASKA, ANCHORAGE (via teleconference), stated that Alaska had the fastest growing senior population per capita in the country, yet the governor's budget reflected a \$2.7 million cut to senior community based grants. She stressed community based grants from the Division of Senior and Disability Services were the least costly and most effective in helping the nearly 20,000 older Alaskans living independently. A cut of \$2.7 million would result in reduced services including critical meals and transportation, increased waitlists, and potential program closures in some communities. She explained it could unnecessarily drive seniors into more costly facility-based care and Medicaid payments. She urged the committee to restore the \$2.7 million to provide flat funding from FY 24 to FY 25.

3:35:05 PM

RENEE SCHOFIELD, CHAIR, ADVISORY BOARD OF ALCOHOLISM AND DRUG ABUSE, KETCHIKAN (via teleconference), spoke in

support of \$1.3 million in human services matching grants. The critical services acted as a cornerstone and demonstrated a state commitment in sustaining functional social safety nets that contribute to the wellbeing and stability in communities and for vulnerable individuals. She supported \$861,000 in community initiative matching grants to ensure access to basic necessities and protection from abuse or exploitation. She relayed that the \$1 million increment for the Division of Behavioral Health Crisis Now grants had been removed from the budget. She asked the committee to restore the increment. She requested the reinstatement of \$250,000 for the Division of Public Health crisis services grants to help run mobile behavioral health response teams. She supported \$2.8 million for the Homeless Assistance Program. Additionally, she supported \$75,000 for the comprehensive program planning coordinator. She thanked the committee for its work.

Co-Chair Johnson appreciated the testimony. She provided the email address for written testimony. The committee would continue to hear public testimony in subsequent meetings.

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

[3:41:16 PM](#)

The meeting was adjourned at 3:41 p.m.