

HOUSE FINANCE COMMITTEE
March 28, 2024
1:37 p.m.

[1:37:24 PM](#)

CALL TO ORDER

Co-Chair Johnson called the House Finance Committee meeting to order at 1:37 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; Zach Young, Staff, Representative Frank Tomaszewski; Alexei Painter, Director, Legislative Finance Division; Representative Mike Prax.

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 consider amendments to the operating and mental health budgets.

#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."

^AMENDMENTS

[1:37:32 PM](#)

Co-Chair Johnson relayed that the amendment process would continue from the morning meeting. The committee would begin by continuing its discussion on Amendment L 12, which had been moved and objected to [see the minutes for the House Finance Committee meeting on 3/28/24 at 10:09 a.m. for details].

Representative Galvin MOVED to ADOPT conceptual Amendment 1 to Amendment L 12. She explained that there would be three elements to the conceptual amendment. The first would be the Permanent Fund Dividend (PFD) amount, the second would be the waterfall, and the third would be the budget excess amount that would be integrated into the energy efficiency payment. The conceptual amendment would retain lines 6

through 12 of Amendment L 12 and all other pieces of the amendment would be deleted.

[1:40:12 PM](#)

Representative Cronk OBJECTED. He was confused about what the amendment would do and asked for clarification.

Representative Stapp thought that he could add clarity. He understood that Representative Galvin wanted to delete "\$1,100,000,000" on page 72, line 14, and insert "746,746,100" in its place. He understood that Representative Galvin also wanted to delete the amount of "\$2,557,263,378" and insert "\$2,910,517,278" on page 72, line 17.

Representative Galvin responded that Representative Stapp was correct.

Representative Stapp noted that the conceptual amendment would reduce the dividend by about \$346 million and deposit the excess into the general fund. He clarified that he objected to the conceptual amendment.

Representative Galvin remarked that the description was correct, but the decrement would be \$353 million, not \$346 million. She reiterated that the conceptual amendment would delete all lines of Amendment L 12 apart from lines 6 through 12.

[1:43:13 PM](#)

Representative Ortiz asked for clarification on what the specific dollar amount of the PFD would be if the conceptual amendment were to pass.

Representative Galvin responded that if Amendment L 12 passed as amended, the dollar amount for the PFD would be \$1,100. According to the director of the Legislative Finance Division (LFD), Mr. Alexei Painter, the waterfall element for the energy relief check was expected to be \$624.

Representative Ortiz understood that the total check amount would be \$1,724.

Representative Galvin responded in the affirmative. She noted that it would be down from \$2,272, which was also inclusive of the \$624 energy check.

[1:44:56 PM](#)

Representative Stapp WITHDREW the OBJECTION to the conceptual amendment. He explained that he was in opposition to Amendment L 12, but wanted to withdraw his objection to the conceptual amendment in order to allow the maker to correct the amendment.

[1:45:12 PM](#)

AT EASE

[1:46:12 PM](#)

RECONVENED

Co-Chair Foster asked what the dollar amount of the PFD would be if the conceptual amendment did not pass. He asked which version would include a higher PFD.

Representative Galvin responded that the conceptual amendment would include a higher PFD.

Representative Cronk commented that he trusted the budgetary process and would be opposing all conceptual amendments.

Representative Cronk MAINTAINED the OBJECTION.

[1:47:41 PM](#)

A roll call vote was taken on the motion to adopt conceptual Amendment 1 to Amendment L 12.

IN FAVOR: Ortiz, Galvin

OPPOSED: Cronk, Tomaszewski, Hannan, Josephson, Coulombe, Foster, Johnson, Stapp, Edgmon

The MOTION to adopt conceptual Amendment 1 to Amendment L 12 FAILED (2/9).

[1:49:27 PM](#)

Co-Chair Johnson noted that Amendment L 12 in its original form was back before the committee.

Co-Chair Edgmon called the question to vote on the amendment.

Representative Stapp MAINTAINED the OBJECTION.

[1:49:56 PM](#)

A roll call vote was taken on the motion to adopt Amendment L 12.

IN FAVOR: Galvin, Hannan, Josephson, Ortiz
OPPOSED: Cronk, Tomaszewski, Stapp, Edgmon, Foster, Coulombe, Johnson

The MOTION to adopt Amendment L 12 FAILED (4/7).

Co-Chair Johnson stated that she intended to go through the remainder of the amendments in the language packet. She noted there were three amendments that were included in the numbers packet but belonged in the language packet. In total, the committee would discuss seven more amendments before ending its work for the day.

[1:52:00 PM](#)

Representative Hannan MOVED to ADOPT Amendment L 13 (copy on file):

Agency: Permanent Fund
Appropriation: Permanent Fund Dividends
Allocation: Dividend Fund 1050

Transaction Details

Title: Establishing a 75%/25% POMV Split Between the Deposit to the General Fund and the PFD
Section: Language
Type: Dec

Line Items (Amounts are in thousands)

Personal Services:	0.0
Travel:	0.0
Services:	0.0
Commodities:	0.0
Capital Outlay:	0.0
Grants:	-185,684.2
Miscellaneous:	0.0

-185,684.2

Positions

Permanent Full-Time: 0
Permanent Part-Time: 0
Temporary: 0

Funding (Amounts are in thousands)

1041 PF ERA -185,684.2

Explanation

This amendment will reduce the PFD to 25% of the POMV, freeing up \$185,684,200 in General Funds and resulting in a dividend of approximately \$1370 for eligible Alaskans.

Page 72, line 14:

Delete "\$1,100,000,000"
Insert "\$914,315,800"

Page 72, line 17:

Delete "\$2,557,263,378"
Insert "\$2,742,947,578"

Representative Cronk OBJECTED for discussion.

Representative Hannan explained that the amendment would set the FY 25 PFD at 25 percent of the percent of market value (POMV) draw, resulting in an increase in available funding for state programs and services of about \$185 million. The amendment would result in a PFD of \$1,370. After the energy relief waterfall provision had been incorporated, the PFD check would total \$1,994 based on the supplemental energy relief from the prior year and the 25 percent draw on the POMV. She argued that the legislature's focus on paying out the biggest possible PFD was resulting in problems throughout the budget, and until new revenues to address the state's needs were established, the only responsible recourse would be to ensure that an adequate percentage of the POMV was allocated to the state's needs while assuring Alaskans that there would still be a PFD.

Representative Stapp understood that the amendment would reduce the PFD amount for FY 25 by around \$300. He asked how the additional \$155 million would be spent.

Co-Chair Johnson noted that Representative Hannan could respond to the questions once all members had an opportunity to ask questions.

Representative Ortiz commented that he was in support of the amendment. The legislature had heard that any PFD amount higher than a 25 percent to 75 percent split in the long term was not sustainable. He thought the amendment was a return to a realistic number. He was most concerned about the vulnerability of the PFD in the future and wanted all Alaskans to have access to a PFD. He thought it was important to think about the future.

Representative Cronk stressed that the budget represented much hard work and he valued the budgetary process. He would be amenable to a 25 percent to 75 percent split, but he did not think there was a long term solution. He would be in opposition to the amendment.

[1:55:57 PM](#)

Representative Galvin supported the amendment. She was not part of the process of crafting the budget and thought it was important for the committee to have the opportunity to opine on the budget. The amendment was fiscally responsible, and she was concerned about not having enough headroom in the budget for all of the state's expenses. There was a letter from the federal Department of Education warning that if Alaska did not pay up within 30 days, the state would be faced with a \$353 million bill. She did not know all of the details, but she wanted to use the letter as an example. She thought funding the Alaska Marine Highway System (AMHS) was another area of concern.

Co-Chair Johnson commented that she thought the budget addressed AMHS. She noted that the letter to which Representative Galvin was referring was involving a potential lawsuit involving the administration and the administration had indicated that it did not want the legislature to address the lawsuit at the current moment. She recognized that while every member was not involved in all of the budget discussions, every member always had access to the relevant numbers. She was confident that the important numbers were included in the budget.

Representative Hannan recalled that Representative Stapp had asked how the extra money would be spent. She relayed

that she would like to see the legislature build a budget that would not anticipate significant supplementals every year. She would like to see a much larger amount of money set aside for wildfire suppression and disaster relief. She would also like the legislature to improve its abilities to anticipate the state's growing needs to ensure that it was not annually requesting supplementals of around \$90 million. She thought that more money should be allocated to the capital budget as there were substantial needs for additional investments in infrastructure, such as buildings with leaky roofs and airports that needed upgrades. She thought that the budget could be more sustainable and that a 25 percent to 75 percent split would provide a solid PFD while ensuring that the state's other needs were met as well.

[2:00:19 PM](#)

Representative Stapp MAINTAINED the OBJECTION.

A roll call vote was taken on the motion to adopt Amendment L 13.

IN FAVOR: Ortiz, Galvin, Hannan

OPPOSED: Cronk, Tomaszewski, Stapp, Edgmon, Foster, Coulombe, Johnson, Josephson

The MOTION to adopt Amendment L 13 FAILED (3/8).

[2:01:09 PM](#)

Co-Chair Foster MOVED to RESCIND action on Amendment L 11 as amended [see the minutes for the House Finance Committee meeting on 3/28/24 at 10:09 a.m. for details].

[2:01:27 PM](#)

AT EASE

[2:02:15 PM](#)

RECONVENED

[2:02:20 PM](#)

Co-Chair Foster explained that he wanted to rescind the committee's action on Amendment L 11 because he wanted to return to the original intent of the amendment to provide Alaskans with a full PFD using funds from the Earnings

Reserve Account (ERA). He recalled that the committee adopted conceptual Amendment 3 to Amendment L 11 which switched the fund source from the ERA to the Constitutional Budget Reserve (CBR) and would require a three-quarters vote. He was hesitant to change the fund source because drawing from the ERA required a simple majority vote. He explained that he voted for the conceptual amendment because he thought that it might encourage members to vote for the underlying amendment, but it did not. He would not have voted for the conceptual amendment had he known that the maker of the amendment did not support it. He hoped that anyone who supported the original amendment, which would draw from the ERA to pay a full PFD, would support the motion to rescind.

[2:03:38 PM](#)

Representative Stapp made a point of order. He thought that if action was rescinded, the amendment would revert back to Amendment L 11 as amended and the committee would need to make another motion to amend the fund source.

Co-Chair Foster clarified that Representative Stapp had correctly understood his intent.

Representative Stapp WITHDREW the point of order.

Representative Hannan OBJECTED to rescinding action on Amendment L 11 as amended.

Representative Hannan asked if a majority vote was required in order to rescind action.

Co-Chair Johnson responded in the affirmative.

Representative Hannan explained that she was objecting because she thought that the subject had been thoroughly discussed. She was in opposition to revisiting the topic again and noted that every action taken in committee would be revisited again on the House Floor.

Co-Chair Edgmon would not object to rescinding action, but he urged the committee to act swiftly because the subject had already been thoroughly discussed.

[2:05:57 PM](#)

Representative Hannan MAINTAINED the OBJECTION.

A roll call vote was taken on the motion to rescind action on Amendment L 11 as amended.

IN FAVOR: Tomaszewski, Ortiz, Cronk, Stapp, Edgmon, Foster, Johnson

OPPOSED: Galvin, Hannan, Josephson, Coulombe

The MOTION PASSED (7/4). There being NO further OBJECTION, action on Amendment L 11 as amended was RESCINDED.

[2:07:19 PM](#)

Co-Chair Foster MOVED to ADOPT Amendment L 11 (copy on file). He reiterated that the motion was to adopt the amendment in its original form without the conceptual amendment. He had originally thought that he needed to also rescind action on the conceptual amendment, but he realized that he could also simply reintroduce the amendment as written.

Representative Josephson OBJECTED.

Representative Josephson thought that it was not uncommon for legislators to change their positions on a matter after having more time to think about it. He stood by his previous comments on Amendment L 11 [during the House Finance Committee meeting on 3/27/24 at 2:40 p.m.]. He did not want the committee to move backwards and thought there was a legal argument to be made in opposition to the amendment. He wanted to adhere to the law and there was a legal argument that SB 26 [passed by the Thirtieth Alaska State Legislature in 2018] followed previous PFD law. There was an argument that SB 26 was the "last statement" on the matter. He thought that the passage of the amendment would hurt the House Majority.

Co-Chair Edgmon called the question.

[Although not explicitly stated, the objection was maintained.]

[2:10:41 PM](#)

A partial roll call vote was taken on the motion to adopt Amendment L 11. Representative Hannan and Representative Josephson voted in opposition to the motion.

Co-Chair Edgmon made a point of order. He thought that the motion needed to be restated clearly. He understood that the vote was whether to return to Amendment L 11, not whether to adopt Amendment L 11.

Co-Chair Johnson relayed that Co-Chair Foster made a motion to rescind action on Amendment L 11 as amended, but instead of rescinding action on the conceptual amendment in order to bring the original amendment back before the committee, Co-Chair Foster had moved the original Amendment L 11 and disregarded the conceptual amendment.

Co-Chair Foster stated that Co-Chair Johnson was correct.

Co-Chair Johnson noted that there were multiple ways to revisit Amendment L 11 in its original form. The committee had never voted on Amendment L 11 in its original form and had only voted on the amendment as amended.

[2:12:23 PM](#)

AT EASE

[2:19:12 PM](#)

RECONVENED

Co-Chair Johnson thought that the committee could move forward as long as the intention of the motion was clear and that all members understood the significance of the vote. She relayed that Amendment L 11 as amended had failed with three yeas and eight nays and there was a motion to rescind action in order to return to Amendment L 11 without the conceptual amendment attached. The committee then voted in favor of rescinding action and the original amendment was now before the committee without any conceptual amendments. The amendment was now before the committee as if it were being voted on for the first time. She stressed that it was important that all members understood what the vote would be on and asked if there was any confusion.

[2:22:13 PM](#)

Representative Hannan made a point of order. She disagreed with the ruling of the chair that the original amendment

could be before the committee without rescinding action on the conceptual amendment. She understood that the committee still needed to rescind action on the conceptual amendment before it could vote on the underlying amendment in its original form.

Co-Chair Johnson relayed that the ruling of the chair was that Amendment L 11 in its original form was before the committee. She indicated that the committee would vote on whether to uphold the ruling of the chair.

Co-Chair Edgmon asked for confirmation that the committee would be voting on the ruling of the chair.

Co-Chair Johnson responded in the affirmative.

Co-Chair Edgmon noted that the motion was debatable.

Co-Chair Johnson acknowledged that Co-Chair Edgmon was correct and invited the committee to debate the motion.

Co-Chair Edgmon commented that he did not want to prolong the discussion any further. He agreed with Representative Hannan and the thought the fundamental principle behind a reconsideration motion was to bring a motion back before the body as it existed before any actions were taken.

[2:23:44 PM](#)

AT EASE

[3:08:48 PM](#)

RECONVENED

Co-Chair Johnson relayed that she had confirmed with Legislative Legal Services that the proposed course of action [to vote on the original version of Amendment L 11 without needing to rescind action on the conceptual amendment] was proper; however, she wanted to ensure that there was no procedural doubt.

Co-Chair Johnson WITHDREW the motion to uphold the ruling of the chair. There being NO OBJECTION, the motion was withdrawn.

Co-Chair Johnson explained that the motion made by Co-Chair Foster [to move Amendment L 11 in its original form] was back before the committee.

Co-Chair Foster WITHDREW the motion to move the original Amendment L 11. There being NO OBJECTION, the motion was withdrawn.

Co-Chair Johnson recalled that the committee had already voted to rescind the action of adopting Amendment L 11 as amended. She explained that Amendment L 11 as amended was now before the committee.

[3:10:55 PM](#)

Co-Chair Foster MOVED to RESCIND action on conceptual Amendment 3 to Amendment L 11. There being NO OBJECTION, it was so ordered.

Co-Chair Johnson noted that the original Amendment L 11 was now before the committee.

Co-Chair Foster reminded members that Amendment L 11 would pay out a full statutory PFD by adding \$801 million to the ERA, which would require a simple majority vote. The PFD would total the full statutory amount of \$3,500.

Co-Chair Edgmon called the question.

Representative Stapp MAINTAINED the OBJECTION.

[3:13:05 PM](#)

A roll call vote was taken on the motion to adopt Amendment L 11.

IN FAVOR: Cronk, Tomaszewski, Foster

OPPOSED: Hannan, Josephson, Coulombe, Stapp, Galvin, Ortiz, Edgmon, Johnson

The MOTION to adopt Amendment L 11 FAILED (3/8).

[3:14:35 PM](#)

AT EASE

[3:14:47 PM](#)

RECONVENED

[3:14:56 PM](#)

Representative Josephson MOVED to ADOPT Amendment L 14
(copy on file):

Agency: Fund Transfers
Appropriation: General Fund (Revenue)
Allocation: General Fund (Revenue)

Transaction Details

Title: Transfer \$172 million of AIDEA Receipts to the
General Fund
Section: Language
Type: Lang

Line Items (Amounts are in thousands)

Personal Services:	0.0
Travel:	0.0
Services:	0.0
Commodities:	0.0
Capital Outlay:	0.0
Grants:	0.0
Miscellaneous:	172,000.0
	172,000.0

Positions

Permanent Full-Time:	0
Permanent Part-Time:	0
Temporary:	0

Funding (Amounts are in thousands)

1102 AIDEA Rcpt	172,000.0
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Explanation

This fund transfer to the general fund will allow for future appropriation of this funding in the capital budget to the Alaska Energy Authority as state match for the Grid Resilience Infrastructure project. AIDEA funding is to be used for energy producing projects that benefit all Alaskans. By using their receipts to fund the GRIP project, we can make sure that funding is being used for that very purpose. GRIP projects are meant to support activities that will modernize the electric grid to reduce impacts due to extreme weather and natural disasters.

This appropriation will allow AEA to leverage funding effectively.

Page 91, following line 16:

Insert a new subsection to read:

"(p) The sum of \$172,000,000 is appropriated from receipts of the Alaska Industrial Development and Export Authority to the general fund."

Page 96, line 18:

Delete "(f) - (o)"

Insert "(f) - (p)"

Representative Cronk OBJECTED for discussion.

Representative Josephson explained that the amendment would provide some clarification that the \$172 million funding from the Alaska Industrial Development and Export Authority (AIDEA) receipts was intended to complement the funds that were already allocated towards Grid Resilience and Innovation Partnerships (GRIP). He thought that Senator Lisa Murkowski was rightfully adamant that the legislature needed to fund GRIP. There had been discussion of only funding part of GRIP for the time being and there had been some debate about whether partial funding would be acceptable. There was also concern that GRIP might not be funded considering the state's fiscal situation and the legislature's inability to advance fiscal reforms, and the amendment offered a funding opportunity. He understood that the AIDEA receipts were a cash or cash equivalent and were eligible for appropriation. He added that it was incidental to the amendment that he was not a "huge fan" of AIDEA. A colleague of his had observed that the amendment would be the best thing AIDEA had ever done with its money, and he agreed with the assertion. The amendment would not imply the legislature's intent without wordage intent language. He concluded that the amendment would move funds to the general fund for the purpose of funding GRIP.

[3:17:35 PM](#)

Representative Stapp expressed that he opposed the amendment for a number of reasons. He understood that the amendment would reduce the capitalization of AIDEA by 60 percent. He asked Representative Josephson if he knew what AIDEA's debt service currently was, AIDEA's level of non-payment of debts, and AIDEA's existing bonding authority. He thought that the underlying effects on AIDEA's cash flow should be considered. He wondered whether the decapitalization of AIDEA would cause it to default on

existing debt service or render AIDEA unable to make its own payment obligations. He did not know how much outstanding debt and deferred debt was held by AIDEA. He would not want to decapitalize AIDEA without knowing all of the information.

[3:18:52 PM](#)

Representative Cronk agreed with Representative Stapp. He thought that AIDEA provided revenue in the form of its annual dividend and per statute, AIDEA's board determined the amount of the dividend. He argued that an ad hoc draw proposed by the amendment would establish a concerning precedent. The amendment would also disrupt AIDEA's process with its projects and the money that had already been allocated. The amendment would most likely negatively impact AIDEA's credit rating and cause a decrease in trust from the private sector. He reiterated that he did not like the amendment.

Co-Chair Johnson commented that she appreciated the attempt to do something with the GRIP funding. She thought GRIP funding was an important topic that should be taken up by the committee, but she would like the topic to be taken up in conjunction with capital budget amendments. The committee might also be hearing bills in the near future that would be relevant to the topic.

Representative Josephson explained that the monies that would be allocated for GRIP were in the unrestricted category. In calendar year 2019, the governor removed over \$200 million from the budget to fund a dividend program. He remarked that the Fairbanks Chamber of Commerce supported the GRIP funding and had identified it as a priority. He was concerned that that AIDEA would continue to act on its own, as it was authorized to, which was a process that he had tried to reform. The agency had more control over its fiefdom than the legislature had over the state's monies. He noted that AIDEA had held the funds for a number of years and the amendment offered a better purpose for the funds.

Representative Cronk MAINTAINED the OBJECTION.

[3:23:08 PM](#)

A roll call vote was taken on the motion.

IN FAVOR: Josephson, Hannan, Galvin, Ortiz
OPPOSED: Coulombe, Cronk, Stapp, Tomaszewski, Edgmon,
Foster, Johnson

The MOTION to adopt Amendment L 14 FAILED (4/7).

[3:23:21 PM](#)

Co-Chair Johnson MOVED to ADOPT Amendment L 15 (copy on file):

DEPARTMENT: Fund Capitalization
APPROPRIATION: No Further Appropriation Required
ALLOCATION: Public Education Fund

DELETE: \$2,072,000 UGF (1004)

EXPLANATION: According to the FY23 Alaska Comprehensive Financial Report, the FY23 year-end balance of the Public Education Fund was \$5.3 million. The current language is based on an early estimate of \$3.0 million, so this reduction reflects the actual fund balance available.

Page 86, line 31:
Delete "\$1,138,472,100"
Insert "\$1,136,200,100"

Page 87, line 7:
Delete "\$1,103,383,200"
Insert "\$1,101,111,200"

Representative Cronk OBJECTED for discussion.

Co-Chair Johnson relayed that her staff would explain the amendment.

[3:23:43 PM](#)

REMOND HENDERSON, STAFF, REPRESENTATIVE DELENA JOHNSON, noted that the committee had adopted a budget CS that would make a reduction from the Public Education Fund (PEF) based on an estimated \$3 million that was the available balance in FY 23. The estimate was incorrect and the financial statements on page 223 [of the FY 23 Alaska Comprehensive Financial Report] indicated that the balance was

\$5,273,000, which was shown on page 234 of the report. The amendment would reduce the PEF by the remaining balance of \$2,273,000 in order to decrease the balance to zero. The adjustment was made with the understanding that the expected balance was \$3 million, but the estimate was incorrect.

Representative Ortiz noted that while he had a general idea of what the fund was used for, he was curious to learn more details about annual draws from PEF.

Mr. Henderson responded that he understood that the annual draws were the amounts that were appropriated for the foundation formula. The amounts that were appropriated were sometimes higher than the amount that was actually needed, which resulted in a remaining balance from FY 23.

Representative Ortiz asked for clarification that the remaining balance would either be allocated to the foundation formula or to the Base Student Allocation (BSA).

Mr. Henderson responded in the affirmative.

[3:26:00 PM](#)

Representative Galvin asked what the goal of reducing the funds was and how the excess funds would be allocated.

Mr. Henderson replied that the funds would be deposited into the general fund and the balance would increase.

Representative Galvin asked if the goal was to allocate the funds towards another expense related to education or to simply increase the general fund balance.

Mr. Henderson responded that the idea was not to direct where the funds were going, but simply to remove the funds because the funds were available but were not being utilized.

Co-Chair Johnson asked if there was further discussion.

Representative Ortiz OBJECTED to the adoption of Amendment L 15.

[3:27:30 PM](#)

Representative Stapp shared that his understanding was that the amendment would true-up the fund balance. There were excess monies in PEF that were not being utilized and the amendment would move the monies to the general fund in order to be utilized. He thought it was a technical cleanup amendment and was not a cut to education funding.

Co-Chair Edgmon commented that he would also classify the amendment as technical because PEF needed to be trued-up when audits took place.

Representative Ortiz WITHDREW the OBJECTION.

[Although not explicitly stated, Amendment L 15 was ADOPTED.]

Co-Chair Johnson reiterated that the committee would review the three amendments that had accidentally been labeled as numbers amendments, but belonged in the language section. The amendments were Amendment 16, Amendment 17, and Amendment 65, which were labeled incorrectly as numbers amendments and should have been labeled as language amendments [the amendments will be referred to as Amendment L 16, Amendment L 17, and Amendment L 65].

[3:29:45 PM](#)

Representative Hannan MOVED to ADOPT Amendment L 16 (copy on file):

Agency: Fund Capitalization
Appropriation: No Further Approp Required
Allocation: Community Assistance Fund

Transaction Details
Title: Make Community Assistance Fund Whole for FY26
Distribution
Section: Language
Type: Inc

Line Items (Amounts are in thousands)

Personal Services:	0.0
Travel:	0.0
Services:	0.0
Commodities:	0.0
Capital Outlay:	0.0
Grants:	0.0

Miscellaneous: 20,000.0
 20,000.0

Positions

Permanent Full-Time: 0
Permanent Part-Time: 0
Temporary: 0

Funding (Amounts are in thousands)

1004 Gen Fund 20,000.0

Explanation

This \$20 million deposit into the Community Assistance Fund (CAF), combined with an existing appropriation of \$30 million into the CAF from the PCE Endowment Fund, will bring the CAF balance to \$90 million, ensuring a full \$30 million distribution to communities in FY26.

Page 88, lines 29 - 30:

Delete all material and insert:

"(t) The sum of \$50,000,000 is appropriated to the community assistance fund (AS 29.60.850) from the following sources:
 (1) \$20,000,000 from the general fund; and
 (2) \$30,000,000 from the power cost equalization endowment fund (AS 42.45.070)."

Representative Cronk OBJECTED for discussion.

Representative Hannan explained that the amendment would deposit \$20 million of general funds into the Community Assistance Fund (CAF) along with the \$30 million from the Power Cost Equalization (PCE) fund that was already in the budget. The appropriation would make CAF whole at \$90 million and allow for a full distribution of \$30 million to Alaskan communities in FY 25. There would be no effect on the \$10 million that was currently in the budget for the CAF for FY 25 distribution.

[3:30:37 PM](#)

AT EASE

[3:36:17 PM](#)

RECONVENED

Representative Cronk WITHDREW the OBJECTION. There being NO further OBJECTION, Amendment L 16 was ADOPTED.

[3:37:25 PM](#)

Representative Hannan MOVED to ADOPT Amendment L 17 (copy on file):

Agency: Fund Capitalization
Appropriation: No Further Approp Required
Allocation: Disaster Relief Fund

Transaction Details

Title: \$15.5 Million in Additional Disaster Relief Fund Capitalization to Reflect Average Annual Spending
Section: Language
Type: Inc

Line Items (Amounts are in thousands)

Personal Services:	0.0
Travel:	0.0
Services:	0.0
Commodities:	0.0
Capital Outlay:	0.0
Grants:	0.0
Miscellaneous:	15,500.0
	15,500.0

Positions

Permanent Full-Time:	0
Permanent Part-Time:	0
Temporary:	0

Funding (Amounts are in thousands)

1004 Gen Fund	15,500.0
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Explanation

FY16-FY23 average spending from the Disaster Relief Fund is \$20.5 million. In the current version of the budget, the appropriation to the fund is just \$5 million. Adding an additional \$15.5 million to the fund brings the annual appropriation to the average annual spending level. Initiating annual appropriations that better reflect average annual spending will bring greater consistency in our budgeting.

Page 86, line 19:

Delete "\$5,000,000"

Insert "\$20,500,000"

Representative Cronk OBJECTED for discussion.

Representative Hannan explained that the amendment would capitalize the Disaster Relief Fund by adding \$15.5 million to the fund. The additional appropriation would bring the annual appropriation of the fund to the average eight-year spending level. The average spending level from FY 16 to FY 23 was \$20.5 million. The current version of the operating budget would appropriate \$5 million to the fund. The additional appropriation would better reflect the annual spending level, transparently illustrate the actual needs of the state, and bring the state closer to a consistent budget and a sound fiscal plan.

Representative Cronk explained that he was not aware of any situation in the past where millions of dollars had been added to the budget for the purpose of reducing funding for the PFD. He thought it was important to consider the potential costs for the upcoming fire season as well and it was possible that a large supplemental would be needed.

Representative Cronk MAINTAINED the OBJECTION.

Co-Chair Johnson noted that it was difficult to predict natural disasters and fires and therefore difficult to precisely appropriate the funds.

[3:40:03 PM](#)

AT EASE

[3:40:56 PM](#)

RECONVENED

Representative Cronk WITHDREW the OBJECTION. There being NO further OBJECTION, Amendment L 17 was ADOPTED.

[3:41:20 PM](#)

Representative Tomaszewski MOVED to ADOPT Amendment L 65 (copy on file):

Agency: Labor & Workforce Dev

Appropriation: Vocational Rehabilitation
Allocation: Special Projects

Transaction Details

Title: Reappropriate Unobligated and Unexpended
Balance of the Assistive
Technology Loan Guarantee Fund
Section: Language
Type: Lang

Line Items (Amounts are in thousands)

Personal Services:	0.0
Travel:	0.0
Services:	0.0
Commodities:	0.0
Capital Outlay:	0.0
Grants:	0.0
Miscellaneous:	0.0
	0.0

Positions

Permanent Full-Time:	0
Permanent Part-Time:	0
Temporary:	0

Funding (Amounts are in thousands)

Explanation

To transfer funds so that they may be more efficiently used in their stated purpose.

Page 78, following line 16:

Insert a new subsection to read:

"(e) The unexpended and unobligated balance of the assistive technology loan guarantee fund (AS 23.15.125) on June 30, 2024, estimated to be \$446,802, is appropriated to the Department of Labor and Workforce Development, vocational rehabilitation, special projects allocation, for improving access to assistive technology for the fiscal year ending June 30, 2025."

Page 96, line 20:

Delete "CONTINGENCY"
Insert "CONTINGENCIES"

Page 97, following line 1:

Insert a new subsection to read:

"(c) The appropriation made in sec. 32(e) of this Act is contingent on passage by the Thirty-Third Alaska State Legislature and enactment into law of a version of House Bill 219 or a similar bill that repeals the assistive technology loan guarantee fund (AS 23.15.125)."

Representative Josephson OBJECTED for discussion.

Representative Tomaszewski deferred to his staff to explain the amendment.

[3:42:20 PM](#)

ZACH YOUNG, STAFF, REPRESENTATIVE FRANK TOMASZEWSKI, explained that the amendment would appropriate the unexpended, unobligated balance of the Assistive Technology Loan Guarantee Fund (ATLGF). Approximately \$446,802 would be appropriated to the Department of Labor and Workforce Development's vocational rehabilitation program and other special projects. The purpose of the amendment was to work in collaboration with HB 219, which would repeal the Assistive Technology Loan Program. The money was made available by the federal government in 1997 in order to help individuals with disabilities obtain essential hardware or other technological assistance items that would allow the individuals to function in their current job or obtain a new job.

Mr. Young explained that the allocation could be used either to guarantee the principal of a loan that would be issued by a private bank or to buy down the interest rate on the loan; however, only ten loans had ever been utilized due to several complications and the money had not been utilized at all over the last ten years. The amendment would allow the department to allocate the funding to another organization such as the Alaska Society for Technology in Education (ASTE) which worked with the federal government and would "clean up" the bureaucratic process. If the amendment were to pass but HB 219 did not pass, the fund would stay the same. The amendment could only function if HB 219 also passed; one could not exist without the other.

Representative Stapp asked how much money was currently capitalized to ATLGf and what was the function of the fund.

Mr. Young responded that the fund was capitalized at \$446,802 and currently the monies were sitting in an account without a function and carrying minimal interest. The amendment would allow for the fund to be granted to organizations that worked with individuals with disabilities and would allow for the fund to actually be expended for its stated purpose as given by the federal government in 1997.

[3:45:24 PM](#)

[Although not explicitly stated, Representative Josephson WITHDREW the OBJECTION.]

There being NO further OBJECTION, Amendment L 65 was ADOPTED.

Representative Josephson thought there was willingness among committee members to revisit Amendment L 7, which had been tabled for the purpose of research [during the House Finance Committee meeting on 3/27/24 at 2:40 p.m.].

[3:46:16 PM](#)

AT EASE

[3:47:15 PM](#)

RECONVEND

Co-Chair Johnson reiterated that there was a request to revisit Amendment L 7. The amendment had already been moved and read as follows (copy on file):

Agency: Health
Appropriation: Medicaid Services
Allocation: Medicaid Services

Transaction Details
Title: Autism Services Inflation Adjustment
Section: Language
Type: Inc

Line Items (Amounts are in thousands)
Personal Services: 0.0
Travel: 0.0

Services:	0.0
Commodities:	0.0
Capital Outlay:	0.0
Grants:	446.6
Miscellaneous:	0.0
	446.6

Positions	
Permanent Full-Time:	0
Permanent Part-Time:	0
Temporary:	0

Funding (Amounts are in thousands)	
1002 Fed Rcpts	223.3
1003 GF/Match	223.3

Explanation

Since 2018, Medicaid rates for behavioral health service codes have been adjusted upward for inflation by 12.76%, except for autism services. This would bring inflationary rate parity to the average cost of autism services.

We would like to add intent language which is as follows: "It is the legislature's intent to increase Medicaid reimbursement rates for autism services by 12.76% to bring payment parity with similar Medicaid behavioral health service codes."

[3:47:55 PM](#)

Representative Stapp MOVED to remove Amendment L 7 from the table and bring it before the committee. There being NO OBJECTION, the amendment was removed from the table and back before the committee.

Representative Josephson reminded members that he had explained the need to fund autism services at a more responsible rate and he noted that autism services had not received the parity adjustment that other Medicaid behavioral services had received. He had shared stories from experts in working with children with autism who had told him that 87 percent of kids with autism could be impacted significantly by the increased resources. He had offered statistics such as the projected overall lifespan savings to the state of \$1.6 million from early intensive services. He recalled that Representative Stapp had

indicated interest in the topic but Representative Stapp wanted to confirm some of the statistics provided, including the 1115 waiver rebasement, the upper payment level, and a Department of Motor Vehicles (DMV) funding swap.

[3:50:09 PM](#)

Representative Stapp MOVED conceptual Amendment 1 to Amendment L 7.

Representative Josephson OBJECTED.

Representative Stapp explained the conceptual amendment. He was concerned that the math on which the underlying amendment was based was wrong and he confirmed with DMV that the math was indeed incorrect. The conceptual amendment would true-up the general funds and the federal seat authority to bring the amendment in line with the other behavior health services rates that were rebased. He acknowledged that the autism rate was not increased when the other behavioral health services rates were increased. He believed in trim budgeting and noted that there was a double appropriation within the budget. In the governor's FY 25 budget, there was a shift of \$200,000 from the university scholarship program to the National Guard Naval Militia members. The funds were allocated to the Department of Military and Veterans' Affairs (DMVA). There was now \$200,000 in two places in the budget at the same time and the amendment would remove the \$200,000 moved into DMVA in order to fund the underlying amendment.

[3:51:37 PM](#)

AT EASE

[3:54:50 PM](#)

RECONVENED

Co-Chair Johnson expressed that she did not completely understand the conceptual amendment and wanted to ensure that Co-Chair Foster was comfortable with it because he was the chair of the DMVA finance subcommittee.

Co-Chair Foster thought that it was a policy call and suggested that members vote with their conscience. He understood that the University of Alaska (UA) system had been receiving the money to allow individuals to go through

the university system and use the funds for the military. He explained that DMVA had expressed that it did not want to be restricted to using the funding if there were military members who wanted to take an online course that was not through the university. The department had requested the ability to use the funding in a variety of ways, which the legislature had accepted. The conceptual amendment would maintain the status quo. If the amendment were to pass without the conceptual amendment, the university would receive the same \$200,000 and DMVA would be receiving an additional amount.

Representative Hannan asked Co-Chair Foster if DMVA had indicated what the expected demand would be for non-university tuition courses. She was uncertain whether DMVA had stated that it would need an additional \$200,000 for the courses.

Co-Chair Foster responded that he did not recall receiving a firm answer from the department on the anticipated demand. He thought it was an unknown.

[3:58:04 PM](#)

AT EASE

[3:59:51 PM](#)

RECONVENED

Co-Chair Johnson asked if there was an objection to the conceptual amendment.

Representative Cronk OBJECTED.

Representative Stapp commented that no matter what happened with the vote on the underlying amendment, the topic was a significant priority for the House Majority Leader Representative Dan Saddler. He would be supporting the underlying amendment for many reasons, but mainly because the issue was important to him and to Representative Saddler.

Representative Cronk WITHDREW the OBJECTION. There being NO further OBJECTION, conceptual Amendment 1 to Amendment L 7 was ADOPTED.

Co-Chair Edgmon relayed that he did not understand the amendment and asked if other members understood.

4:01:35 PM

AT EASE

4:02:16 PM

RECONVENED

Co-Chair Johnson asked Representative Stapp if he could explain the cost of the conceptual amendment, how much money would be transferred, and which funds would be impacted.

Representative Stapp replied that the funding source was split between general fund Medicaid receipts and federal match funding. The general fund matching portion of Amendment L 7 as amended would be \$223,300 plus \$26,800. He calculated that the total general fund amount required to increase the autism rates was \$270,233. The federal receipt authority for the match would increase by \$44,900, totaling \$223,300.

4:04:01 PM

AT EASE

4:05:30 PM

RECONVENED

Co-Chair Johnson asked the director of the Legislative Finance Division (LFD) to speak on the amendment.

ALEXEI PAINTER, DIRECTOR, LEGISLATIVE FINANCE DIVISION, relayed that he agreed with Representative Stapp's math. The total general fund match was \$250,100 and the total federal receipt increase would be \$268,200, and there would be a decrement of \$200,000 from DMVA.

Co-Chair Edgmon asked if Mr. Painter could explain what the amendment would do in plain language.

Mr. Painter responded that the amendment would add funding into Medicaid services to increase Medicaid rates for autism services and behavioral health services by 12.76 percent. The other piece would be removing \$200,000 for tuition assistance within DMVA, which was also being funded in the same amount in the university in the current semester.

Co-Chair Edgmon understood that the amendment would accomplish two separate tasks.

Mr. Painter responded in the affirmative.

Representative Stapp suggested that the question could be divided.

[4:07:01 PM](#)

Co-Chair Foster understood that the underlying Amendment L 7 would add \$223,000 in general funds and conceptual Amendment 1 would add \$26,800 for general funds and \$44,000 for federal funds. He was concerned about the general fund, which would be \$250,000 for the purpose of increased autism services. He understood that the \$200,000 that appeared in two separate places in the budget would be utilized to help pay for the increase. He asked if his understanding was correct.

Mr. Painter responded in the affirmative.

Co-Chair Edgmon asked if the \$200,000 for DMVA provided for different services than the \$200,000 for the university.

Mr. Painter replied that the two were not related in terms of function.

Co-Chair Edgmon explained that he was trying to understand what the impact would be of the \$200,000 decrement to DMVA.

Co-Chair Foster responded that previously, military members could get tuition assistance if members went to the university. The total funding for tuition assistance was \$200,000. The governor expressed that he did not want military members to be restricted to the UA system and wanted to broaden the eligibility of tuition assistance. If the amendment as amended were to pass, members could use tuition assistance monies for a variety of courses, such as an online course or a technical course not offered by the university. The governor had stated that he wanted to allocate the \$200,000 to DMVA and eliminate it from the university. During the finance subcommittee process, the \$200,000 was allocated to DMVA. He noted that the university had already been receiving the money for a period of time. The policy call was whether to allocate the

funding to DMVA, to the university, or both. Allocating the funding to both entities would be doubling the money.

Co-Chair Johnson noted that Representative Mike Prax was in the audience.

[4:10:58 PM](#)

Co-Chair Johnson asked if there was an objection. She was not certain if anyone had objected to the adoption of Amendment L 7.

Representative Cronk WITHDREW the OBJECTION [although he had not objected to the underlying Amendment L 7].

Co-Chair Johnson OBJECTED. She explained that she was objecting because the discussion was surprising and she did not think it was the sort of work that should be done at the committee table.

Co-Chair Edgmon understood the importance of the amendment process, but wondered if it would be fair to take up the amendment again after the weekend. He suggested rolling the amendment to Monday, April 1, 2024.

Co-Chair Johnson agreed and expressed that she would be more comfortable voting on it after the weekend in order to take more time to understand the issue.

There being NO OBJECTION, Amendment L 7 was rolled until April 1, 2024.

[4:12:15 PM](#)

Co-Chair Johnson reviewed the agenda for Monday's meeting.

Representative Ortiz asked for confirmation that the committee would be meeting in the morning on Monday.

Co-Chair Johnson responded in the affirmative and remarked that the committee had extra work to attend to.

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

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

#

ADJOURNMENT

4:13:43 PM

The meeting was adjourned at 4:13 p.m.