

HOUSE FINANCE COMMITTEE
April 2, 2024
10:32 a.m.

10:32:41 AM

CALL TO ORDER

Co-Chair Johnson called the House Finance Committee meeting to order at 10:32 a.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

Alexei Painter, Director, Legislative Finance Division;
Representative Jesse Sumner; Representative Zack Fields.

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

[10:32:55 AM](#)

Co-Chair Johnson relayed that the committee left off on Amendment N 58.

Representative Josephson requested to offer Amendment N 58 after Amendment N 59. He explained that the two amendments were almost identical except that Amendment N 58 was a one-time increment. He thought it made sense to consider Amendment N 59 first.

Co-Chair Johnson did not want to start rearranging the amendment order. She asked for verification that Representative Josephson was not withdrawing the one-time increment amendment.

Representative Josephson agreed.

Co-Chair Johnson asked if Amendment N 59 would add funding to the base budget.

Representative Josephson agreed.

10:34:57 AM

AT EASE

10:37:30 AM

RECONVENED

Representative Josephson would not offer Amendment N 58 (copy on file) at the present time.

Representative Galvin MOVED to ADOPT Amendment N 59 (copy on file):

Agency: Health
Appropriation: Public Assistance
Allocation: Child Care Benefits

Transaction Details

Title: Child Care Grant Program Funding for Place-based and Home-based Child Care Centers
Section: Section 1
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: 15,000.0
Miscellaneous: 0.0

Positions

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

Funding (Amounts are in thousands)

1004 Gen Fund 15,000.0

Explanation

It is the intent of the Legislature to help provide direct operating grants through the Child Care Grant Program, in the Child Care Program Office, to support place-based and home-based childcare centers.

Representative Cronk OBJECTED.

Representative Galvin explained that the amendment would provide a \$15 million increment for the Child Care Grant Program being directed through the Child Care Program Office. The funding could be spent on wages or operations expenses that were reimbursed; expenditures had to be preapproved by the state. She noted the structure was already in place. The legislature had heard from programs across the state that the boost in funding would be the difference between remaining open and closing. The funding would offer a substantial incentive to increase capacity and hire more teachers and boost wages to retain quality educators. She reported that childcare centers in Dillingham and Ketchikan had closed within the past couple of weeks partly due to lack of support. She detailed that Ketchikan had lost about half of its programs. She referenced a letter of support with signatures from Anchorage, Nome, Dillingham, Ketchikan (copy on file). She elaborated that more than 50 Alaskans had testified in support of the funding.

Representative Galvin stated that the increment in the amendment went to the base budget. She explained that adding and removing one-time funding year after year made it more difficult for childcare facilities to pass on the benefits of the increases to providers. She elaborated that facilities did not want to increase compensation for providers and then cut them the following year. She stressed it made it very difficult to recruit and retain employees. She reported that the average childcare salary was less than \$15 statewide. She emphasized that it was something that had to be considered in order to show that childcare was a priority to hold up the state's economy, support families, and keep families in Alaska. The amendment supported whole communities where children received safe and comfortable childcare. She stated that childcare providers should be able to access meaningful increases in compensation for the important services they provided. She explained that parents would get to feel trust that their children would be well taken care of and both parents would be able to work. She stated that communities would get more solvent; small businesses could take care of themselves. She emphasized that it was an important workforce amendment.

Representative Galvin detailed that the funding would be added in the base budget because Alaska small business owners need predictability. The legislature had heard from numerous chamber organizations and the Alaska Chamber that workforce development equaled childcare. The amendment provided intent language specifying childcare providers were the target of the funding. She explained that the intent language would empower State of Alaska employees to structure the grants to ensure they supported providers doing their work. The amendment would amplify the benefit of HB 89. She stated that without additional direct support, childcare providers may close their doors or limit spots available to families. The amendment would add \$15 million for the state's 50,000 children from the age of zero to five. She noted that \$2.1 million went to Juneau, which accounted for 4 percent of the population. She stated there was no longer a waitlist in Juneau and its providers were paid \$18 per hour. She stated the amendment combined with HB 89 would put the state on a path to solve the problem. She urged members' support.

[10:44:48 AM](#)

Representative Coulombe MOVED to ADOPT conceptual Amendment 1 to change the amount to a one-time increment of \$7.5 million.

Representative Stapp OBJECTED for discussion.

Representative Coulombe explained the conceptual amendment. She relayed that she had been on the childcare taskforce; she was very aware of all of the issues and had put a bill forward. She noted there were a couple of amendments related to childcare. She explained that big childcare block grants had not been effective in keeping childcare centers open. She stressed that \$95 million had been received in Alaska for childcare during the COVID-19 pandemic and the state still lost half the childcare centers. She stated it was the reason she had introduced a bill that would target certain things to uplift the industry. She detailed that the tax exemptions and the subsidy rate for families were targeted. She highlighted that childcare grants were not always going to wages. She expounded that the funds also went to things like repairing rooves, buying vans, and paying for equipment. She did not support subsidized wages. She believed the process for

opening a childcare center needed to be streamlined and centers needed to be able to stand on their own. She would support the \$7.5 million as a one-time increment in the current year because she believed that combined with HB 89 and some other initiatives from the department, there would be improvements in the childcare industry. She struggled with the department and the nonprofit giving the grants out because it took the entities a year to get the grants out. She emphasized that they sat on the money for too long, not on purpose, but due to red tape. She highlighted that the \$7.5 million approved by the legislature the previous year was just now going out. She believed the distribution of the funds needed to be more efficient and targeted. She was very concerned about putting the funding in the base and she did not want the industry relying on the funding. She wanted childcare centers to be able to run without funding for wages from the government. She supported keeping the fund consistent for a year as changes were made and revisiting the topic the following year.

[10:48:30 AM](#)

Co-Chair Foster relayed that he would not support the conceptual amendment because he would prefer the full \$15 million in the base. He elaborated that his constituents supported the increment. He referenced the number of groups in the letter received by the committee. He highlighted it was a statewide issue and he believed \$15 million would make more of an impact versus \$7.5 million. He supported the underlying amendment.

Co-Chair Johnson recognized Representative Jesse Sumner in the room.

Representative Stapp stated there was a good bill that created a very generous tax incentive to be able to develop more childcare facilities. He remarked that employees of childcare companies should have access to section 125 dependent care benefits that allowed employees to put aside up to \$5,500 out of their paycheck pre-tax to pay for childcare benefits. He believed that artificial subsidies did not fix structural deficiencies. He noted Representative Coulombe's statement that even with \$95 million in COVID-19 funding, half of the childcare facilities had closed. Ultimately, the problem was a high rate of inflation and wages for most individuals had not caught up with inflation. He stated that when wages caught

up, people would have more disposable income to be able to pay for childcare as they did prior to the pandemic. He thought adding money to the base to mask the symptoms of the problem was bad policy. He would not support the conceptual or underlying amendment.

10:50:54 AM

Representative Josephson remarked that the subject of Cook Inlet royalty reform was on the calendar later in the week. He considered that topic in light of previous remarks that subsidies did not fix underlying problems. He noted they would see whether it stood true later in the week. He was waiting to hear further debate and was uncertain how he would vote on the conceptual amendment. He highlighted that North Dakota was spending \$66 million with a population of under one million people. He added that Oklahoma and Idaho had two to four times Alaska's population but had 20 times its investment in childcare. He had been told that Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), American Rescue Plan Act (ARPA), and Coronavirus Aid, Relief, and Economic Security (CARES) Act funding was expected to be gone by August 2024.

Representative Josephson appreciated the proposal of the conceptual amendment, but he was concerned it did not provide sufficient resources. He referenced page 7 of the governor's taskforce report recommendation to create a sustainable state funded wage subsidy for licensed care professionals to support a living wage. He added that a footnote specified that the inclusion of state funding was approved by the majority of the taskforce. He considered the argument that general fund dollars were not sustainable. He pointed out that the budget used \$4 billion in general funds per year for all sorts of purposes including snow removal, legislator salaries, teacher salaries, and on and on. He remarked that general funding seemed to sustain those items. He considered whether it was ideal and stated, "perhaps not." He was interested in hearing more debate on the amendment.

Co-Chair Edgmon would support conceptual Amendment 1 to Amendment N 59. He viewed the funding as in conjunction with HB 89 offered by Representative Coulombe. He knew from conversations with childcare providers, and various community chambers that the need to increase childcare in Alaska was past the point of urgency. He added that it was

also an economic development issue, and it was in the process of being restructured. He stated that one-time funding in the FY 25 budget would help move the direction of the governor's taskforce. He noted that the taskforce had not yet completed its report, but it had provided an initial report earlier in session. He hoped that in the future, it would be clear that the legislature had done its part in helping childcare workers to be paid on par with jobs at retailers such as Walmart. He saw it as a first step in a larger journey and it would cost the state a little money. He did not know whether the underlying amendment would get the committee support; therefore, he would support the conceptual amendment.

[10:55:07 AM](#)

Representative Ortiz remarked that two committee members had referenced how government support for childcare centers did not work during COVID as a reason for not supporting the underlying amendment. He thought that COVID had something to do with the reason people did not take their kids to childcare centers. He thought it had a lot more to do with centers failing than whether there was or was not government support being provided.

Co-Chair Johnson noted that the maker of the amendment would have the opportunity to answer the question during wrap up.

Representative Hannan requested an "at ease."

[10:56:26 AM](#)

AT EASE

[11:01:25 AM](#)

RECONVENED

Representative Hannan was a reluctant yes on the conceptual amendment. She did not think a one-time increment of \$7.5 million was enough, but she was a pragmatist and believed it was the amount that could be agreed upon by the committee.

Representative Galvin relayed that there was a lot of research as to why daycares and schools lost enrollment during COVID. She stated it made it a very difficult dataset to work with to say that federal funds caused

daycare centers to close. She did not believe any researcher would say that was true. She highlighted that legislators heard from nonprofits, departments, and agencies that it was very difficult to recruit and retain employees with grant funding (particularly one-time increments). She elaborated that many of those businesses were forced to not use the funding accordingly. While she was pleased to see there was some will within the committee to support childcare, she was saddened that it was a smaller increment than what she believed was needed. She would be a reluctant yes to the conceptual amendment because she thought it would get to the support that was politically viable. She stated it was important to look at an increment as a positive move in the right direction for children.

Representative Josephson requested to ask Legislative Finance Division (LFD) Director Alexei Painter about the governor's request related to childcare in his December 15 and February 15 budgets.

[11:05:17 AM](#)

ALEXEI PAINTER, DIRECTOR, LEGISLATIVE FINANCE DIVISION, responded that there was a \$7.5 million on-time general fund item in the FY 24 budget. The item had been removed from the adjusted base and the governor did not put it back.

Representative Josephson understood that the federal government was giving Alaska \$31 million for childcare based on a pro rata formula. He asked for verification that the governor did not offer any childcare funding in any of the iterations of his budget.

Mr. Painter answered that the governor did not include anything additional above the funding in the base. He noted there were some general funds in the budget. He believed there were two main sources of federal funding including childcare block grants that required state maintenance of effort and some Temporary Assistance for Needy Families (TANF) funds. The \$7.5 million the previous year was an additional general fund amount that was not replicated in the FY 25 budget.

Representative Josephson asked about the state's investment in the TANF and childcare block grant match.

Mr. Painter responded that he did not remember the exact amounts of undesignated general funds (UGF) in the specific allocation. He believed the total funding for childcare was about \$40 million and about \$31 million of the total was federal funding. He did not know the split of the remaining funding.

Co-Chair Johnson referenced Medicaid and state funding for long-term care. She knew there was an ombudsman to ensure that the money was being spent well and that the facilities were run in the proper manner. She asked what kind of oversight the state provided for childcare centers.

Mr. Painter responded that he did not know the specifics. He offered to follow up with the information.

Co-Chair Johnson asked if Mr. Painter was aware of any funding the state put towards oversight.

Mr. Painter answered that he was not aware of it, but it did not mean it did not exist.

[11:08:17 AM](#)

Representative Coulombe provided wrap up on conceptual Amendment 1. She clarified that she did not intend to indicate that the federal money caused the closure of childcare centers. She did not believe that was the case. She believed the situation during the pandemic was unique and the funding was an attempt to keep centers open. She stated that because there were less children, there was less revenue. The federal funding was an attempt for childcare centers to be able to pay employees; however, it was not always what had happened. She elaborated that most of the childcare centers she had visited had opened fairly quickly after COVID. She detailed that many times the centers did not generally pay the wages for people they did not need. She noted the business decisions were tough in those environments. She agreed that one-time funding was not something businesses could depend on. She remarked that the childcare taskforce had recommended subsidized wages. She highlighted that she and another member had vocalized opposition to the recommendation, and she had not voted for it; however, the majority of the taskforce members had voted in favor of the recommendation. She thought there were many issues when businesses started relying on UGF to

pay their employees. She believed there were other ways to solve the problem.

[11:10:34 AM](#)

Representative Cronk WITHDREW the OBJECTION.

There being NO further OBJECTION, conceptual Amendment 1 to Amendment N 59 was ADOPTED.

[11:11:06 AM](#)

Co-Chair Johnson recognized Representative Zack Fields in the room.

Representative Stapp MOVED to ADOPT conceptual Amendment 2 to Amendment N 59. He remarked it was clearly the will of the majority of the committee to add \$7.5 million. He wondered how the item would be paid for. The conceptual amendment would take \$7.5 million from the Permanent Fund Dividend (PFD) and put it into the general fund to pay for the line item.

Co-Chair Foster OBJECTED.

Representative Stapp remarked that some of the things the budget spent money on were certainly valid and had good utility; however, he believed the committee should probably tell people where it was going to get the money to spend \$7.5 million. He thought it was important to acknowledge that if more spending items were added to the budget, it would be necessary to take the money from somewhere in order to balance the budget. He stated the money would be taken out of the PFD. He thought the committee should have the discussion.

Representative Coulombe had the same approach to the budget, which was the reason she had offered a \$44 million decrement at the start of the amendment process to reduce department operations. She highlighted that she had reduced \$6 million in one subcommittee to try to reduce department operations, but she was not getting support for that. She did not agree that the funding would come out of the PFD. She thought the funds should come from a shift from certain areas to areas the committee wanted to prioritize. She considered that maybe she needed to revisit that amendment at the end of the amendment process because she agreed the

committee was adding to the budget. She noted she had more amendments with more department reductions. She stated that if the reductions were not being approved, she could not sit back and do nothing because no one would cut department operations. She did not support conceptual Amendment 2 because she believed the money should come from the departments.

[11:13:57 AM](#)

Co-Chair Edgmon was not a fan of conceptual Amendment 2. He stated that the budget process was multiple steps with negotiation after negotiation. He detailed that it also involved competing interests including state operations, capital needs, and other items. He believed making it the PFD versus childcare centers was the wrong way to go about budgeting. He remarked that each legislator acted on their values and priorities and all legislators wanted the biggest PFD possible, but legislators also wanted a balanced budget and to meet the public services the state was constitutionally required to provide. He would vote against the conceptual amendment.

[11:14:53 AM](#)

Representative Ortiz was opposed to conceptual Amendment 2. He thought saying the funding would be a decrement to the PFD was much too simplistic. He stated that the decrement could just as easily not be going to capital expenditures or many other areas.

Representative Galvin looked forward to discussion about revenue and ensuring decisions were based on a long fiscal view. She believed the legislature had a lot to do in that area. She agreed with Co-Chair Edgmon that it was a separate discussion that should take place. She was opposed to the conceptual amendment.

Representative Tomaszewski was opposed to the conceptual amendment; however, he believed anything added to the budget was basically coming out of the PFD unless there was a decrement elsewhere or an appropriation from another source. He reiterated that any amendments passed by the committee would come directly from the PFD, which was the reason he had voted against almost all of the amendments with an appropriation.

Co-Chair Johnson appreciated the statement by Representative Stapp because it was transparent and probably factual.

Representative Stapp WITHDREW conceptual Amendment 2 to Amendment N 59. He would like to see a decrement of \$7.5 million elsewhere if the committee was going to add \$7.5 million to the budget. He was interested to hear where the money would come from if it would not be taken from the PFD.

[11:18:12 AM](#)

Co-Chair Johnson MOVED to ADOPT conceptual Amendment 3 to Amendment N 59 to add intent language to ask the department to provide the legislature with a report on childcare centers and how the state was providing oversight. She shared that as a working mother with five children she had plenty of experience with childcare and schools. She knew how difficult it was to find childcare. She had not expected the state to pay for it, but she did expect that if something was state funded, there was state oversight. She did not want anyone to be mistaken in thinking they were putting their child in facility receiving state funding and that it meant the facility had another layer of oversight. She noted there were a number of ombudsmen paying attention to what was happening in Alaska's long-term care facilities and she believed it was a mistake to provide funding without providing the oversight necessary for children.

Representative Galvin OBJECTED for discussion.

Representative Coulombe thought it was a good amendment. She clarified that the childcare office did two inspections per year: one scheduled and one unscheduled. She asked if Co-Chair Johnson was looking for more oversight of the funds or of the quality of care. She supported both.

Co-Chair Johnson reasoned that care could be considered a number of things. As a parent she had been able to go in and assess whether a facility was clean or safe. She stated it had been fairly easy to see, but it was not possible to always know. She stated that the quality of care that was so important to her was who had access to her child and what kind of people were being hired. She stated that considered that thinking about a criminal background was

the extreme scenario. She remarked that there were all ranges of people and there were a lot of people working in childcare facilities who were probably not paid well and were not necessarily trained. She wanted to ensure that when state money was paid out to childcare facilities someone was paying attention to the quality of people in terms of physical safety to mental safety. She thought anyone with a child in childcare knew exactly what she was talking about.

11:22:15 AM

Representative Ortiz appreciated the intent of the conceptual amendment. He wondered if the intent language would result in additional cost or eat into the \$7.5 million.

Co-Chair Johnson responded that the conceptual amendment was intent language asking the department to deliver a report to the legislature on the oversight it provided for the money expended. She did not anticipate there being a reduction from the funding in Amendment N 59. She thought it was very important to let the public know the legislature was paying attention.

Co-Chair Edgmon liked the intent language but that in terms of its efficacy in getting the desired result he thought it may require an audit to look at the facilities.

Co-Chair Johnson responded that the report could lead to an audit, but she thought people needed to be paying attention. She stated that it did not have to be an exhaustive report on how the money was spent, but she wanted to hear about the conditions [in facilities] and the things that might come to someone's attention. She stated that the legislature may be surprised with what the report came back with, and it may be something the legislature needed to deal with in the future. She thought that if the state was going to provide funding to childcare it should be done right. She highlighted that the legislature needed to be thinking about the kids in the state and she did not want to just hand out money without some accountability [on the part of childcare facilities].

11:25:33 AM

Representative Hannan did not have an objection to the intent language, but she wanted to put on the record that the state only had oversight over licensed centers. She noted that the legislature sometimes talked and heard language about streamlining the process to help people get a business operational. Some of the things included employee background checks (civil and criminal) and ensuring individuals had appropriate training. She highlighted that she had represented the community of Haines in the past and it had only one licensed childcare center. She elaborated that the center was in a tight spot because they received a federal grant to assist them with providing adequate nutritious food; however, there was no one to do the inspection and it meant they would not receive the funding. The care center had indicated the funding was critical for it to remain in business. She did not think anyone who worked in the state oversight of childcare would object. She thought they had a substantial amount of documentation about what they did, but she stated there was a big difference when they were talking about licensed programs required to have health standards, background checks, cleanliness, working sprinklers, etcetera. She agreed that it was a good thing to have oversight. She thought it would make it clear that the legislature did not want just anyone to operate a childcare facility. She wanted to make sure kids in licensed childcare centers were kindly handled, safe, and that early childhood education was a component.

Representative Galvin viewed the amendment as friendly. She believed the work was about protecting children and the amendment contained dollars spent on behalf of children. She thought ensuring quality control made sense to her. She shared that she had been a childcare provider in a home childcare business in another state. Alaska had a childcare program office with oversight. She remarked that if the intent language led to more oversight and an audit so be it. She supported ensuring the programs lifted children and allowed for more readiness for kindergarten.

Representative Galvin WITHDREW the OBJECTION. There being NO further OBJECTION, conceptual Amendment 3 to Amendment N 59 was ADOPTED.

[11:29:35 AM](#)

Representative Cronk MAINTAINED the OBJECTION to the underlying Amendment N 59 as amended.

Representative Galvin summarized that as amended, Amendment N 59 would add \$7.5 million in one-time funding with intent language to hear from the department on the oversight of state dollars spent on childcare. She stated it was a first step and the amendment did not add any more funding than the prior year. She noted the increment was not in the base, but it indicated the legislature cared about childcare. She urged members' support.

A roll call vote was taken on the motion.

IN FAVOR: Oritz, Coulombe, Galvin, Hannan, Josephson, Edgmon, Foster, Johnson

OPPOSED: Cronk, Stapp, Tomaszewski

The MOTION PASSED (8/3). There being NO further OBJECTION, Amendment N 59 was ADOPTED as amended.

[11:32:29 AM](#)

Representative Josephson WITHDREW Amendment N 60 and Amendment N 61 (copy on file).

Representative Josephson MOVED to ADOPT Amendment N 62 (copy on file):

Agency: Health
Appropriation: Public Assistance
Allocation: Child Care Benefits

Transaction Details

Title: Funding for Child Care Assistance Program
Recipients in Median Income Range of 85%-105%
Section: Section 1
Type: Inc

Line Items (Amounts are in thousands)

Personal Services: 203.8
Travel: 0.0
Services: 28.0
Commodities: 8.0
Capital Outlay: 0.0
Grants: 5,858.4
Miscellaneous: 0.0

Positions

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

Funding (Amounts are in thousands)

1002 Fed Rcpts 228.1
1003 GF/Match 228.1
1004 Gen Fund 5,642.0

Explanation

HB 89 adjusts the maximum median income to receive child care benefits from 85% to 105%. The fiscal note produced by DOH on that portion of the bill equals the appropriation request in this amendment. There is no guarantee that any bill passes or does not pass, so this request is to provide funding for families needing child care who fall between 85% and 105% median income.

Whether or not HB 89 passes, this amendment would provide funding for the families within this income range to benefit from child care assistance.

Representative Stapp OBJECTED.

Representative Josephson explained the amendment was somewhat similar to a previous amendment about the funding of healthcare benefits for inmates. He believed there was an associated \$7.5 million hole in the budget that could be fixed in conference committee. The committee had learned that the Legislative Finance Division would remind the conference committee of the hole. He was supportive of HB 89 [pertaining to childcare] and noted the bill had an upcoming hearing in the Senate Health and Social Services Committee. He noted the bill then had to go through the Senate Finance Committee. He did not know how the bill would be received; therefore, the amendment was meant to be a placeholder to cover the same fiscal note represented by HB 89. He clarified he was not asking for duplication.

[11:35:14 AM](#)

Representative Coulombe thanked Representative Josephson for watching out for HB 89. She opposed the amendment. She

explained there was an additional subsidy in HB 89 because of a compromise between many different sides. She detailed that the bill included a tax exemption, pieces in the department, and a subsidy increase. She elaborated that the items in the bill came as a package, which was seen in the votes on the House floor. She stated it was necessary to work together to solve the issue. She explained that the amendment only included subsidies to families for childcare. She supported the item, but she preferred to have the Senate choose whether HB 89 was a priority of the state and not separate the increment out from all of the pieces in the bill. She noted that the bill had an upcoming hearing in the Senate and would go to the Senate Finance Committee. She thought it was important that they decide whether all of the pieces were important or if the state was going to just continue subsidizing childcare. She opposed the amendment for the aforementioned reasons.

Representative Stapp stated the amendment would spend another \$5.6 million with no associated decrement. He was opposed to the amendment.

Representative Tomaszewski asked for the total percentage of families that used childcare outside of the home. He wondered how many families used assistance through the state.

Representative Coulombe replied that 6 percent of the families who could access subsidies used the subsidies. She explained that part of the reason was that families had to pay a copay. She elaborated that the prices had increased very quickly, but the state copay remained the same; therefore, families had to pay the copay plus the additional amount. For example, if the total cost per month was \$900 and the state paid \$500, the family was responsible for the remaining \$400. She elaborated that if a family picked a childcare center that cost \$1,200 to \$1,300 they had to pay the difference on top of the copay. She explained that it had significantly reduced the number of families accessing the subsidy.

[11:39:38 AM](#)

Representative Josephson noted that the fiscal note said 7 percent. He wanted HB 89 to become law and understood Representative Coulombe's position about the variety of topics in the bill. However, he believed there were

variables. For example, he had a bill in the Senate the following day and it could be ill received; he did not know. He stated that the amendment was a gap filler in the event the conference committee needed it.

11:40:22 AM

Representative Cronk MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

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

The MOTION to adopt Amendment N 62 FAILED (5/6).

11:41:14 AM

Representative Cronk MOVED to ADOPT Amendment N 63 (copy on file):

Agency: Health
Appropriation: Senior and Disabilities Svcs
Allocation: Senior/Disabilities Svcs Admin

Transaction Details
Title: Add Intent

Wordage Type: Intent
Linkage: Agency - Health

Wordage
It is the intent of the legislature that the department raise the \$18,500 per project cap for environmental modifications to \$40,000 per project, exclusive of shipping costs to remote communities, and extend the project timeline limit from 90 days to 270 days better reflect the true cost and time challenges of providing Environmental Modifications Services (E-Mods Program) in remote, rural areas of Alaska.

Explanation
The legislature is expressing its intent for the department to seek and secure approval from CMS to update its Environmental Modification Services Conditions of Participation and related state

regulations of the Medicaid waiver environmental modifications program to reflect the actual costs and time constraints of projects. Any future E-Mod Program funding will still be subject to appropriation.

Representative Coulombe OBJECTED for discussion.

Representative Cronk explained the amendment that included intent language [for the Department of Health]. He read the intent language listed in the amendment above. He detailed that it was an element of the independent living network legislative priorities related to environmental modifications for seniors and people with disabilities who were eligible for Alaska's Medicaid waivers and who may need a wheelchair ramp or other changes in their home to maintain their independence. The current regulations of the program 7 AAC 130.300 limited the amount available for home modifications at a level that made most projects impossible. The intent language was aimed at encouraging the department to accelerate rewriting its regulations to better reflect the true cost and time challenges providing environmental modification projects to remote areas of Alaska.

Representative Ortiz observed that the intent was to raise the cap. He asked about the potential overall increase if the cap was raised.

Representative Cronk did not have the overall total cost. The intent was to make updates to enable the projects to take place in rural Alaska.

[11:43:26 AM](#)

Representative Josephson was pleased to see the intent language. He had received an inquiry from a member of the public about the issue. He noted the issue was complicated and involved many different codes a provider could use to pay for the cost. He supported the amendment.

Representative Galvin thanked Representative Cronk for the amendment. She had heard from many, particularly from the Governor's Council on Disabilities, that it was a smart investment because it would keep people home who wanted to live independently at home. She stated it was an important investment where small supports kept individuals from having to move to facilities with high costs to the state

(over \$80,000 per month). She stated that environmental modifications and help with care allowed long-term Alaskans to remain at home.

Representative Coulombe WITHDREW the OBJECTION to Amendment N 63.

There being NO further OBJECTION, Amendment N 63 was ADOPTED.

[11:45:47 AM](#)

Representative Cronk relayed that he would not offer Amendment N 64 at the present time.

Representative Tomaszewski noted that Amendment N 65 had previously been adopted.

[11:46:36 AM](#)

Representative Josephson MOVED to ADOPT Amendment N 66 (copy on file):

Agency: Law
Appropriation: Criminal Division
Allocation: Criminal Appeals/Special Lit

Transaction Details
Title: Reduce Funding and Positions for Investigative Grand Jury Proceedings
Section: Section 1
Type: Dec

Line Items (Amounts are in thousands)
Personal Services: -211.4
Travel: -7.3
Services: -49.5
Commodities: -10.0
Capital Outlay: 0.0
Grants: 0.0
Miscellaneous: 0.0

Positions
Permanent Full-Time: -2
Permanent Part-Time: 0
Temporary: 0

Funding (Amounts are in thousands)
1004 Gen Fund -278.2

Explanation

Retain funding for one Attorney 4 position, eliminating Paralegal and Law Assistant positions added to assist with Investigative Grand Jury proceedings.

Representative Cronk OBJECTED.

Representative Josephson was concerned about the increase in citizen-led grand jury requests. He was aware that constitutional founders included a provision on the subject. He highlighted the O'Leary case that included the best description of how the state's supreme court interpreted the meaning of the specific constitutional provision. He stated that citizens were sometimes legitimately and sometimes conjuring up complaints about the greater world they identified and were bringing them to the grand jury that under one model would not be brought to the district attorney for vetting. He remarked that the legislature may need to look at the issue in a bill. He was concerned that the governor had contributed to a culture that had fomented some of the interest. He referenced a case in Kenai and explained the concern that a months' long investigation would ensue with boxes of documents. He characterized it as a "grand jury run amok." He stated the case had resulted in the indictment of a retired judge. He noted the indictment had been tossed. He stated that when the grand jury had issued a "true bill" it had 11 members, which was illegal. One of the members had walked away because they no longer wanted to participate.

Representative Josephson explained that the amendment was a reduction in funds. He reiterated that the governor and his administration had contributed to a culture of "this sort of thing." He stated it was necessary to ask where it ended. He provided a hypothetical scenario to demonstrate what he thought the constitutional founders intended. For example, if a grand juror was driving to grand jury and saw toxic releases on their way to the court room and they wondered about paint they kept seeing on the bike trail. He elaborated that the individual could ask the Department of Law (DOL) to investigate the status of paint releases and whether there were statutes to enforce it. The founders did not mean to have people conjure up "pell-mell" anything in

any area of culture or discipline they were critical of. He explained that in part it sidetracked regular law enforcement. The amendment acknowledged that DOL had more work, and the budget would include funding for an attorney as a result. He was told that only seven of the [citizen-led grand jury] complaints had been brought. He shared that in the past he had handled 800 cases in a year. He thought an attorney 4 could handle and process seven cases. The amendment was a decrement from the \$502,400. He believed what was happening was dangerous and would be distracting for the department. He thought the legislature should not encourage the distraction.

[11:52:02 AM](#)

Representative Stapp was struggling to connect the dots. He looked at the declaration of rights under Article 1 of the state's constitution and cited that "the power of grand juries to investigate and make recommendations concerning the public welfare or safety shall never be suspended." He was unfamiliar with the case on the Kenai mentioned by Representative Josephson. He stated that the state's constitution gave powers to grand juries. The department was asking for positions to mitigate whatever it was that was happening. On the other hand, he liked reductions. He stated that DOL was asking for the positions for a very specific reason. He remarked that if it was as bad as Representative Josephson indicated, perhaps the funds should be provided. He was torn on the amendment.

Representative Cronk relayed that he chaired the DOL budget subcommittee, and that the department had requested the funding because of an increase in grand juries. He viewed grand juries as the voice of the people. He stated it was an option for people to have a voice in times where they think there may be corruption or something else. The increment had been approved by the subcommittee. He thought the department was straightforward in its requests and did not ask for more than it needed. The subcommittee viewed the increment as valuable.

Co-Chair Edgmon believed DOL had requested funding the previous year for a position to address election fraud, criminal investigations, and parental rights. He stated that the position had not been funded and as far as he knew, the department had not requested the funding again. He was very familiar with what had taken place in perhaps

Homer. He remarked that legislators had been deluged by amendments from the individual. He thought it was reasonable to grant some of the funding request to the department, but he thought multiple investigators for seven cases fell in the same territory as the previous request that had been denied by the legislature and the department had not submitted another request. He stated that if the department came back for a second investigator the following year because the seven cases had quadrupled, the request would have merit to him. He would support the amendment.

Representative Tomaszewski spoke against the amendment. He thought that it was clear in the Article 1 Section 8 of the state's constitution that by defunding DOL's ability to work with grand juries in any capacity went against the constitution. He believed the funding request was reasonable. He reminded committee members that a grand jury consisted of at least 12 citizens; a majority of whom concurring may return an indictment. He stated that grand juries were only returning an indictment in which a jury of their peers would look at. He thought the amendment was a rewrite of the state's constitution and taking away the funding for grand juries.

[11:56:54 AM](#)

Co-Chair Foster thought it sounded like the positions were not in the budget in the past several years. He asked for verification that the governor had added the positions in his FY 25 budget.

Representative Hannan supported the amendment. She remarked that Co-Chair Edgmon had articulated many of her concerns. She clarified that the amendment did not defund anything from the state's constitution. She detailed that the state's constitution already allowed for investigative grand juries. She elaborated that one grand jury met in the Kenai/Homer case and had produced an indictment that was later dismissed. She believed the amendment was more about the workload. She had heard DOL say on the record it had seven inquiries pertaining "to do this." She noted that many DOL attorneys had huge caseloads. She remarked that if the number of caseloads pertaining to the issue increased substantially in the coming year the legislature could look at providing the funding. She thought a request to fund a paralegal, an administrator, and an attorney to solely do

grand juries seemed to be built on a premise that their workload would be narrow and confined. She stated there were DOL attorneys with huge caseloads for prosecution of time for support of state agencies in complex legal matters (e.g., deed and legal issues with the federal government). She did not see the proven demand [in association with the governor's request]. She thought funding the attorney position and waiting a year to see the demand would give a pathway to determining whether more money should be appropriated. She underscored that the requested positions were not entry level and were very expensive. She wanted to see the requisite demand before fully funding a new section within DOL to do exclusively grand jury investigations. She supported the amendment.

[12:00:08 PM](#)

Representative Josephson stated that he needed to finish reading the O'Leary case. He was sure it included language on the grand jury's power to investigate and make recommendations. He was told that grand juries wanted to do more than that; they wanted to insist that they would bring the indictments they wanted to bring. He remarked that it would have to play out in a historical way. He stated, "it says they shall never be suspended." He agreed with Representative Tomaszewski that the language was clear cut. He pointed out it was also the case that there was not supposed to be any abridgement or infringement on the right to speak, but that the legislature would not tolerate people shouting from the gallery during floor sessions. He stated that there were always limits to constitutional rights. He highlighted that the amendment was not taking money away from grand juries, money would still be added to grand juries. He stated it was a new source of money for DOL. He agreed with Co-Chair Edgmon and Representative Hannan about waiting to see if the one attorney 4 position could handle the workload.

[12:01:46 PM](#)

Representative Cronk MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

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

The MOTION PASSED (6/5). There being NO further OBJECTION, Amendment N 66 was ADOPTED.

[12:02:42 PM](#)

Representative Josephson MOVED to ADOPT Amendment N 67 (copy on file):

Agency: Law
Appropriation: Civil Division
Allocation: Dep. Attny General's Office

Transaction Details

Title: Delete Increase for Statehood Defense (FY25-FY27) Section: Section 1
Type: Dec

Line Items (Amounts are in thousands)

Personal Services: 0.0
Travel: 0.0
Services: -1,500.0
Commodities: 0.0
Capital Outlay: 0.0
Grants: 0.0
Miscellaneous: 0.0

Positions

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

Funding (Amounts are in thousands)

1004 Gen Fund -1,500.0

Explanation

The Governor sought for a temporary increment of \$2,018,000 to increase funding for Statehood Defense each year between FY25 -FY27. This appropriation would be used to challenge federal environmental decisions by the Environmental Protection Agency and other federal agencies. The department has claimed that cases taken on under the umbrella of statehood defense are "not controversial," but this is factually inaccurate.

The House Finance Department of Law subcommittee decremented \$518,000 from the Governor's request, and this amendment seeks to eliminate the rest of the appropriation.

Representative Cronk OBJECTED.

Representative Josephson remarked that he had been vocal about his concerns pertaining to statehood defense and whether some of it was waste. He noted that he had seen in the press the previous day that Alaska was one of the 11 states that wanted to challenge the [federal] administration's reductions to the student loan burden facing Alaskan citizens. He stated that the current [state] administration was very litigious. He was told by the Legislative Finance Division that effective March 25, the unobligated part of carryforward statehood defense funds was \$5.198 million. He surmised that the \$1.5 million addressed by the amendment was on top of that amount. He observed that the expenses were decreasing. He elaborated that from FY 24 through FY 26, the department currently had \$5 million, but only \$127,000 was encumbered with outstanding expenses of \$111,000. There was currently \$4.7 million in unobligated funds through FY 26. He stated the department was requesting an additional \$1.5 million on top of the \$4.7 million. He was open to a conceptual amendment to reduce the figure to something other than a decrement of \$1.5 million.

12:05:00 PM

Co-Chair Edgmon thought the amendment was tricky because he supported statehood defense. He detailed that Alaska was comprised of two-thirds federal land. The state was still litigating and trying to understand and still in a defensive posture to the Alaska National Interest Lands Conservation Act (ANILCA) passed in 1980. He remarked that the state still had a lot of work ahead. He elaborated that on the same hand, the state was embroiled in a subsistence dispute. He relayed that individuals within the Native community he had spoken with were very leery about what the funding [addressed by the amendment] meant. He had asked the attorney general committee several weeks earlier in committee whether there was merit to defining what constituted statehood defense in law. He noted that the attorney general had seemed to agree with the idea. He suggested that by putting more money into statehood

defense, which on one hand he supported, it was also possible to argue that the increment was forward funding statehood defense. He highlighted that the legislature did not necessarily forward fund other services. He could not think of any other services the legislature forward funded presently. He reiterated that the amendment was tricky for him.

Representative Stapp stated that the amendment was not tricky for him. He remarked that President Biden had hit the state with 56 executive orders ranging from banning resource development to "draconian measures" from the Environmental Protection Agency (EPA) impacting Fairbanks and the Interior. He emphasized that the measures crushed the ability to provide basic needs for families in Fairbanks and the Interior. He stated that the president had banned the use of heating oil 2, which meant using heating oil 1 at a much more expensive price. He elaborated that the president had then banned the use of heating oil 1, which meant residents had to ultra-low-sulfur diesel. He stressed that the federal administration was looking at shutting down coffee roasters in Fairbanks. He pointed out that the funding [the amendment aimed to reduce] would be used to challenge federal environmental decisions by the EPA and other federal agencies. He wanted to challenge the rulings. He wanted the state to stand up and stop the executive overreach that he thought looked to depopulate Interior Alaska. He hoped the funding was maintained and he opposed the amendment.

[12:07:53 PM](#)

Representative Galvin believed all of the committee members wanted to defend the state's right to be independent. She did not believe the amendment was a yes or no on defending Alaska. She thought the amendment looked at putting less money towards forward spending for lawsuits that would likely happen to some degree. She remarked that the state may not end up spending all of the funding. She asked LFD how much the state spent over the past couple of years. She wondered whether the state had spent the amount that was previously allocated. She wondered if there was a slope of increased need.

[12:09:15 PM](#)

AT EASE

[12:16:13 PM](#)

RECONVENED

Co-Chair Johnson asked to hear from Mr. Painter on how much DOL spent on statehood defense in the past year.

Mr. Painter responded that as of March 25, 2024, the legislature had appropriated \$11.5 million since FY 21. Currently, about \$5.2 million remained unobligated. He noted that \$11.5 million included \$5 million authorized in FY 24, which had only been available for expenditure for a few months. The department had planned expenditures that would exceed the amount.

Co-Chair Johnson asked for the amount of planned expenditures.

Mr. Painter replied that the planned expenditures were about \$10.7 million.

Representative Galvin asked for verification that as of March 25th, \$11.5 million had been appropriated and \$5.2 million was unobligated. She asked in which year there was a plan to spend \$10.7 million.

Mr. Painter responded that the amendment would reduce a temporary increment running the next three years. He believed the \$10.7 million included the \$5.2 million plus the department's plan for the next three years based on current cases.

[12:18:29 PM](#)

Representative Hannan asked Mr. Painter asked if the planned expenditures reflected the department's estimated cost for the billable hours for a contract attorney representing the state on air quality.

Mr. Painter responded in the affirmative. He explained that the department had not necessarily signed a contract for the amounts. The department had \$622,000 encumbered, meaning it had already been contracted out. He stated that the \$5.2 million was unincumbered. The department expected to spend [\$10.7 million] on current and future lawsuits.

Representative Ortiz remarked that litigation was often an ongoing process. He asked if there had been any attempt by

DOL to report the return of investment (ROI) of statehood defense expenditures. He highlighted that the committee heard a lot of discussion on ROI in other areas using state funding. He wondered if there had been any attempt to show how the investments had paid off for Alaska.

Mr. Painter responded that he had seen the department's analysis of accomplishments associated with the funding, but he had not seen ROI information. He stated that the department may have reported the information, but he had not seen it.

12:20:44 PM

Representative Cronk was opposed to the amendment. He shared that he represented part of Fairbanks. He stated that the federal government was making decisions resulted in people's inability heat their own homes. He believed it was ludicrous. He highlighted a lawsuit that he characterized as frivolous that aimed to shut down king salmon trolling in Southeast Alaska. He pointed out that statehood defense had defended the lawsuit. He noted that while he did not live in Southeast Alaska, he cared about what happened with trolling because it was a part of Alaska. He wanted to ensure the legislature was defending the state's ability to defend its rights. He reported that the request in subcommittee was \$2,018,000. The subcommittee had removed \$518,000 out of the request to try to appease everyone.

Representative Cronk referenced language in the amendment explanation "not controversial." He stated that every vote legislators cast was controversial. He remarked that everything pertaining to statehood defense and what perhaps the governor wanted was not agreed upon by everyone, but it was life. He believed in fighting for the state's rights. He noted there were numerous access rights with RS 2477 issues. He believed in giving the state the ability to fight wherever needed, whether people agreed or not. He pointed out that residents were unable to heat their homes with a woodstove in Fairbanks. He found it unacceptable to have the government tell people how to live and to not do anything about it. The subcommittee had reduced the request in good faith from just over \$2 million to \$1.5 million. He hoped committee members would oppose the amendment.

Co-Chair Johnson opposed the amendment. She stated that the federal government had deep pockets and seemed to have no compunction about going after places in Alaska. She believed it was critical to maintain the funding in order to have someone keeping a good eye on where Alaska was feeling pressure. She expounded that once something was started it was an incredible amount of money to fight back. She believed the state needed to keep a good barrier up against the constant attempts to compromise Alaska's self-determination.

Representative Tomaszewski remarked that it was part of the state's job to protect and defend the constitution for the people of the state. He elaborated that when rights were infringed upon, it was necessary to fight back. He spoke to the importance of having the ability to fight for the rights of the people. He hoped committee members would vote against the amendment.

[12:25:27 PM](#)

Representative Josephson provided wrap up on Amendment N 67. He reviewed that the administration had spent \$11 million and had a plan to spend millions more, but they had \$5.2 million in unencumbered funds. He remarked that the EPA had its own set of instructions to enforce the Clean Air Act and it did not mean to be malicious when it came to clean air in Fairbanks. He had lived in Fairbanks in the past and understood it was extremely cold and that people needed heat. He referenced a document he had from the past week showing that the big money items the state was spending litigation dollars on were the Fortymile River title, Koyukuk River title, Mulchatna family of rivers title, Mendenhall Lake title, and formerly used defense sites and other federal site cleanup issues.

Representative Josephson considered a Texas v. EPA case related to clean air, which he thought sounded like an amicus case. He stated it would not likely directly help Fairbanks. The case involved a challenge to new Clean Air Act rules regarding passenger vehicles and trucks. He pointed out that the investment had been \$94,000 in a two to four-year anticipated duration. He referenced a list of cases and noted that the second case pertained to the Clean Air Act and a multistate challenge to new rules taking away discretion from states on how to comply with emission rules

and shortened time for compliance. He remarked that most of the money was not being spent on the issues in Fairbanks.

Representative Josephson stated he had recently received an email from the Alaska Regional Coalition, a consortium of six Alaska Native regional nonprofits. The nonprofits included the Tanana Chiefs Conference, Maniilaq, Kawerak, Chugachmiut, Inupiat Community of the Arctic Slope, and Central Council Tlingit and Haida Indian Tribes representing 109 communities and approximately 70,000 Alaskans. The coalition asked for support for the reduction of the statehood defense dollars. He would have gladly supported a friendly amendment to reduce his proposed reduction. He asked for members' support.

[12:29:01 PM](#)

Representative Cronk MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

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

The MOTION PASSED (6/5). There being NO further OBJECTION, Amendment N 67 was ADOPTED.

[Note: action on Amendment N 67 was rescinded during the 4/03/24 meeting that started at 1:06 p.m. A conceptual amendment was adopted, and Amendment N 67 as amended was adopted on a vote of 6/5. See separate minutes for detail.]

[12:29:41 PM](#)

Representative Stapp MOVED to RESCIND action on Amendment N 67.

Co-Chair Edgmon OBJECTED for discussion. He asked for an explanation of the intent behind the motion.

Representative Stapp asked the committee to reconsider the action. He stated that if Fairbanks lost another round of its meetings with the EPA it would have to sue the federal government. He wanted to make sure there were available funds budgeted for statehood defense.

[12:30:49 PM](#)

AT EASE

[12:32:54 PM](#)

RECONVENED

Representative Stapp WITHDREW his motion to rescind action on Amendment N 67. He would do some research and wanted to revisit the amendment later on.

[12:33:14 PM](#)

AT EASE

[12:33:30 PM](#)

RECONVENED

Co-Chair Johnson noted that Amendment N 67 had been adopted.

[12:33:56 PM](#)

AT EASE

[12:34:43 PM](#)

RECONVENED

Representative Galvin WITHDREW Amendment N 68 (copy on file).

Representative Hannan MOVED to ADOPT Amendment N 69 (copy on file):

Agency: Natural Resources
Appropriation: Fire, Land & Water Resources
Allocation: Mining, Land & Water

Transaction Details

Title: Remove Legal Services Funding For Advancing State's Rights in Navigability and Revised Statute 2477
Section: Section 1
Type: Dec

Line Items (Amounts are in thousands)

Personal Services: 0.0
Travel: 0.0
Services: -365.0
Commodities: 0.0
Capital Outlay: 0.0

Grants: 0.0
Miscellaneous: 0.0

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

Funding (Amounts are in thousands)
1005 GF/Prgm -365.0

Explanation

These funds were designated for legal services for DNR's Public Access Assertion & Defense Section. The Department of Law describes its Statehood Defense work as supporting "continued statehood defense efforts across multiple agencies," with issues including "ongoing support for navigability matters within natural resources."

Since the Dept. of Law stands ready and willing to use its millions of dollars in Statehood Defense funding to assist other agencies, DNR's Public Access Assertion & Defense Section is advised to take advantage of the Dept. of Law for its legal services needs.

Representative Cronk OBJECTED.

Representative Hannan explained that the amendment would reduce the Department of Natural Resources (DNR) funding by \$365,000. She explained that the funds were designated in DNR's budget for legal services for the Public Access Assertion and Defense Section (RS 2477 matters). She elaborated that DOL described that there were continued statehood defense efforts across multiple agencies with issues including ongoing support for navigability matters within DNR. She furthered that DOL stood ready and willing to use its statehood defense funding to assist DNR; therefore, the \$365,000 did not appear necessary. She detailed that the amendment would leave \$367,000 in the DNR budget to do its side of the RS 2477 work. The amendment meant the DOL budget for statehood defense would cover the remainder of the RS 2477 work. She believed the amendment would leave the state capable of dealing with RS 2477 issues.

Representative Cronk opposed the amendment. He thought there was a misunderstanding pertaining to the funding. He clarified that the funding would not be used to challenge any EPA decision or policy and it would not be transferred from DNR to DOL. The funding was meant for professional services contracts from outside experts including geologists, geomorphologists, and photogrammetrists needed to assist in determining navigability and establishing the validity of an RS 2477 right of way. He stated that involving third-party witnesses before litigation was crucial to ensure the success of a program. He stated that the money would impact many things such as RS 2477 right of ways acting as vital transportation corridors to provide access to natural resources. Additionally, there were numerous issues along the highway where there was no access. He emphasized that the funding was needed by DNR to work on RS 2477 issues.

[12:38:41 PM](#)

Co-Chair Foster was opposed to the amendment. He supported RS 2477s. Additionally, he stated that navigability issues always caused great concern because of the possibility of how it may deal with subsistence. He had reached out to DNR with two questions. First, he asked DNR if any of the funding would be used for opposing subsistence in general. Second, he asked whether any of the money would be used in the appeal on the case dealing with subsistence on the Kuskokwim River. The department replied that the answer to both questions was no. The intent was to use the funds for RS 2477s. He highlighted that his district had the Bering Land Bridge National Park on the Seward Peninsula, and he would love to see people be able to access the grandfathered trail to Serpentine Hot Springs. In general, he supported RS 2477s throughout the state, which he believed was the purpose of the funding. He added that DNR's written response to his questions stated that the Kuskokwim River litigation related to the Katie John line of cases and subsistence issues was being led by DOL and the Department of Fish and Game, but not DNR. He reiterated his support for access to public trails.

[12:40:51 PM](#)

AT EASE

[12:41:45 PM](#)

RECONVENED

Representative Hannan provided wrap up on Amendment N 69. Stated that DOL had funds earmarked to cover expert witnesses for litigation. The legislature received annual requests from DOL to support statehood defense cases. She stated that the decrement would still leave \$371,000 in DNR to continue the DNR research related to cases that should or would go to litigation. She stated there was \$5.2 million in unobligated statehood defense money remaining [in the DOL budget], which frequently included the hiring of expert witnesses to participate in litigation. She was concerned that the legislature continued to give multiyear funding cart blanche for lawsuits. She did not believe the funding the amendment would cut was necessary for the ongoing work on RS 2477. She stated that if it turned into major litigation and DOL requested \$2 million more for the specific case, she thought it was a different circumstance. She added there was \$5.2 million in unobligated funding for the next three fiscal years. She believed the decrement would not derail any litigation. She thought it was a decrement the budget could and should afford.

[12:44:10 PM](#)

Representative Cronk MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Hannan, Josephson

OPPOSED: Coulombe, Cronk, Stapp, Tomaszewski, Galvin, Ortiz, Edgmon, Foster, Johnson

The MOTION to adopt Amendment N 69 FAILED (2/9).

Representative Stapp requested to recess for lunch.

Co-Chair Johnson replied that the committee would continue on and would take a break soon.

[12:45:45 PM](#)

Representative Galvin MOVED to ADOPT Amendment N 70 (copy on file):

Agency: Natural Resources

Appropriation: Fire, Land & Water Resources

Allocation: Fire Suppression Activity

Transaction Details

Title: Fully Fund Annual Fire Suppression Activity
Section: Section 1
Type: Inc

Line Items (Amounts are in thousands)

Personal Services: 0.0
Travel: 0.0
Services: 35,100.0
Commodities: 0.0
Capital Outlay: 0.0
Grants: 0.0
Miscellaneous: 0.0

Positions

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

Funding (Amounts are in thousands)

1004 Gen Fund 35,100.0

Explanation

This \$35.1 million increment would bring Fire Suppression Activity spending up to the FY14-23 actual UGF spending average of \$49.3 million.

Representative Cronk OBJECTED.

Representative Galvin explained that the committee had repeatedly seen high supplemental budget requests seeking to cover the cost of fire suppression activity after the expense was incurred. She stated that the governor's office had consistently under-budgeted for the allocation. The amendment sought to right-size Alaska's fire suppression activity by pinning the increment to a 10-year average expense. The intent of the amendment was to decrease the size of the supplemental budget requests. She was aiming for responsible budgeting that was a little closer to the actual cost. She stated that the increment was unlikely to be in excess of the amount needed because it was pinned to the 10-year average from FY 14 to FY 23 actuals. She noted the data came from an LFD presentation by Mr. Painter. She added that increased wildfires were anticipated as a result of climate change. She reasoned that more accurately budgeting for fire suppression activity needs would provide

a clearer picture of the overall budget. She relayed that the average expenditure between FY 14 and FY 23 was \$49.3 million. The governor's FY 25 budget included \$14.2 million for fire suppression; the amendment included an additional \$35.1 million to reach the average cost. She encouraged members to support the amendment.

[12:49:13 PM](#)

Co-Chair Edgmon recognized the merit of the amendment. He noted that the amendment sponsor had stated that the average was around \$49.5 million; however, in reality the legislature did not know what it would be because forest fires could be on state land (paid for by the state) or federal land (where the federal government paid). He stated that costs, whatever they ended up being, shifted into the next fiscal year in the supplemental budget. He agreed that a \$35 million increment would stick with the annual average for the past 10 years. He commented that the budget was a process of negotiation with multiple steps. He thought there was concern about the issue in the other body given where the House was with its budget and things that had been added. He could not support the amendment at present.

Representative Coulombe stated that she had offered and withdrawn a similar amendment the previous year. She remarked that she wanted budget transparency, and it had a lot of merits. One of the issues was that some of the fires were reimbursed with Federal Emergency Management Agency (FEMA) funding, which lagged a year or two. She elaborated that putting the money upfront was not necessarily an advantage to Alaska because some of the FEMA funding could come in to help pay for the supplemental. She agreed the amendment had merit, but she would not support it at present. She thought the legislature needed to examine how to better budget the item and to see how the FEMA funds interacted with it as well.

Representative Cronk agreed that the amendment had merit. He remarked that it highlighted the lack of vision for a forestry program where the state was watching its forests burn and spending millions of dollars fighting the fires. He thought the state needed to be very proactive. He suggested the money in the amendment would be much better invested in a forestry program. He stated that a significant portion of the costs pertained to fires in the middle of nowhere that had private inholdings or Native

allotments where the state had to use helicopters and its other resources versus going out to mitigate fire resources around the allotments to avoid dumping millions of dollars into protecting isolated inholdings. He stated that Sweden was making \$17 billion per year [in forestry revenue], while Alaska made \$1 million. He remarked that it was like the state was afraid to cut trees. He emphasized it was a renewable resource that could replace the state's revenue from oil at some point in future generations. He would rather see the funds invested into a forestry program. He opposed the amendment, but he recognized its merit. He would much rather have the department come back with a supplemental showing actual cost. He added that the state needed to be building its own firefighting crews; bringing up crews from the Lower 48 was costly and the money left the state. He underscored that the state was currently losing out across the board in the forestry fire issue.

[12:53:40 PM](#)

Representative Ortiz observed that committee members all agreed on the merit of the amendment. He considered the prospects of the next year's supplemental with the goals of a larger capital budget and trying to put forward a sustainable and affordable Permanent Fund Dividend. He suggested there was a likelihood that without taking actions like the proposal in Amendment N 70, the legislature would be forced to take funding from the Constitutional Budget Reserve to cover the supplemental. He reasoned that the state would cover its costs for fire suppression activity. He thought the amendment was more prudent and recognized the reality in the next year's budgeting cycle.

Representative Ortiz MOVED to ADOPT conceptual Amendment 1 to Amendment N 70 to reduce the general fund appropriation from \$35.1 million to \$25.1 million. He thought it was a step towards more truthful budgeting, yet the increment was not quite so high as the original amendment.

Representative Cronk OBJECTED.

Representative Galvin considered the conceptual amendment to be friendly. She appreciated the idea of trying to figure out what was workable to result in more responsible account of what lay ahead. She stated that the \$35.1 million reflected a 10-year average. She remarked that if

it ended up helping to bring a new firefighting crew development, "so be it." She reasoned that fire suppression was fire suppression and she supported whatever it took to make that happen.

12:57:22 PM

Representative Cronk opposed the conceptual amendment. He stated it would be a reduction to the PFD. Additionally, there were a lot of needs for capital projects that were important to some of the members' districts. He opposed the amendment on that basis.

Representative Stapp opposed the conceptual amendment and the underlying amendment. He appreciated the maker of the amendment for addressing accurately budgeting for fire service. He thought there was a lot the legislature could do to true up the fire suppression activity and that it required a deeper conversation. He highlighted that the situation was not a new problem. He stated that truing the budget up or solving the issue in the House Finance Committee could have been taken care of for the past six or seven years. He pointed out that it was not the first year fire suppression had been under budgeted. He remarked that the current amount of money in the budget reflected the lowest year of cost in the past decade; therefore, it was not likely to be accurate. He was interested in working on the problem, but he thought it would require a more holistic solution than adding placeholder money in anticipation of expense.

12:59:23 PM

Representative Hannan spoke in favor of the conceptual amendment and the underlying amendment. She recalled hearing from the Office of Management and Budget with a supplemental of \$91 million for the prior year's fire season. She noted that year had a cold summer and a low [fire] season for Alaska. She believed a long-term fiscal plan needed to involve thinking about the budget year over year. She thought it was responsible for the legislature to include an average spend for ongoing items. She thought it was important for a conversation about a spending cap. She appreciated the comments from Co-Chair Edgmon that there may be a strategy with the other body and the need to leave room for negotiation; however, she emphasized that a long-term fiscal strategy did not just mean the current budget,

but multiple years and supplementals. She wanted to see the legislature put more money into something that would always be an ongoing expense. She remarked that even if the state invested in developing a bigger forest products industry, forest fire response would still be necessary. She believed it was almost a three-year lag to get the federal government squared up with the state in terms of fire cost expenses. She supported the amendments and urged members' support.

Co-Chair Johnson commented that Division of Forestry and Fire Protection was located in Palmer. She reasoned that from the perspective of wanting to get money to her district she could see voting for the amendment; however, she understood that sometimes there were big fire years and other times there were not. She thought the legislature was better off knowing the cost prior to appropriating the money. She stated that if the legislature appropriated the money to the department, it would get spent. She added that whether it would get spent on fire or something else, the legislature did not know. She opposed the amendments.

[1:02:48 PM](#)

Representative Cronk MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Galvin, Hannan, Josephson, Ortiz

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

The MOTION to adopt conceptual Amendment 1 to Amendment N 70 FAILED (4/7).

[1:03:50 PM](#)

Representative Galvin provided wrap up on Amendment N 70. She highlighted that in seven of the prior ten years, the actual spend [on fire suppression] was more than \$40 million. She was asking to true up the budgeting for the item. She stressed that the current budgeted amount of \$14.2 million for fire suppression had only occurred one out of the last ten years. She knew all committee members tried to be as responsible as possible to make decisions that would help plan for the state's future. She stood by the amendment and appreciated the ability to offer it.

Representative Cronk MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Ortiz, Josephson, Hannan, Galvin

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

The MOTION to adopt Amendment N 70 FAILED (4/7).

Co-Chair Johnson stated it was her intention to take a
break and come back at 1:30 p.m.

[1:06:28 PM](#)

AT EASE

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

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

[Note: the meeting never reconvened. Operating budget
amendments continued in the afternoon meeting beginning at
1:56 p.m. See separate minutes for detail.]

#

ADJOURNMENT

[1:06:28 PM](#)

The meeting was adjourned at 1:06 p.m.