

SENATE FINANCE COMMITTEE
January 31, 2024
9:03 a.m.

[9:03:05 AM](#)

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:03 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Donny Olson, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Jesse Kiehl
Senator Kelly Merrick
Senator David Wilson

MEMBERS ABSENT

Senator Click Bishop

ALSO PRESENT

Lacey Sanders, Director, Office of Management and Budget.

PRESENT VIA TELECONFERENCE

Norm McDonald, Deputy Director, Fire Protection, Division of Forestry, Palmer; Hannah Lager, Administrative Services Director, Department of Commerce, Community and Economic Development, Juneau.

SUMMARY

^FY 24 SUPPLEMENTAL REQUEST

[9:05:09 AM](#)

LACEY SANDERS, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, (OMB), introduced herself, and discussed the high level overview of the FY 24 Supplemental Budget.

Co-Chair Stedman asked for a detail of the consequences of nonpayment and the committee's flexibility.

Ms. Sanders replied that sometimes the supplemental funding came from federal receipts for the agencies to address a federal grant. She noted that there were several items that were UGF, which would come from the state funds. She stressed that the administration would need to address the needs within current appropriations if the legislature did not approve the supplemental budget.

Ms. Sanders discussed the presentation, "Overview of the FY2024 Supplemental Budget" (copy on file). She looked at slide 2, "FY 2024 Supplemental Budget Overview":

Footnotes:

1. Percent of Market Value (POMV) from the Earnings Reserve Account (ERA).
2. Includes \$61 million for the approved 2023 Fire Season Disaster Declaration during FY2024.

[9:10:33 AM](#)

Co-Chair Stedman wondered whether the \$204 million was an average, and wanted to know the magnitude of the number.

Ms. Sanders replied that it would be considered a higher supplemental, due to the request for fire suppression activity.

Senator Wilson queried the historical funding from the federal government for fire suppression.

Ms. Sanders responded that the fire activity varied depending whether it was federal or state land.

Co-Chair Stedman felt that fire suppression funding should be addressed in the budget.

Co-Chair Hoffman wondered how close the targets were Earnings Reserve Account (ERA) from the percent of market value (POMV) for FY 24.

Ms. Sanders explained that there was a projected UGF of just under \$3 billion, and the POMV draw was \$3.5 billion. She stated that the total available revenue was just under

\$6.5 billion. She noted that there was still a surplus of \$375 million after the supplemental budget.

Co-Chair Stedman wondered whether a potential dividend issue was taken into account.

Ms. Sanders responded in the affirmative.

[9:15:23 AM](#)

Ms. Sanders pointed to slide 3, "Operating Supplemental Requests."

Co-Chair Stedman felt that one item at a time be addressed before opening the committee to questions.

Senator Kiehl felt that aggregate supplemental was more than 10 percent of the department's UGF, and queried a broad strokes issue.

Ms. Sanders replied that the Department of Corrections (DOC) and the Office of Management and Budget (OMB) had been working through a projection process to ensure accuracy.

Senator Kiehl wondered whether there were amendments expected in the governor's budget to align the FY 25 request.

Ms. Sanders replied that the supplemental request brought the FY 24 budget to align with FY 25.

[9:20:03 AM](#)

Co-Chair Stedman wondered whether the \$40 million supplemental request was already incorporated into the FY 25 budget.

Ms. Sanders replied in the affirmative.

Co-Chair Stedman wondered whether significant supplemental requests could be made known earlier than the meeting. He surmised that the \$40 million would not have a correction in the governor's amended budget.

Ms. Sanders agreed.

Senator Wilson surmised that most of the request for Department of Corrections (DOC) would be repeating the same cost for other services.

Ms. Sanders replied that the hope was to fully fund DOC with the request.

Co-Chair Hoffman remarked that the outer years were very grim, so he felt that there would be an issue unless there was considerable downsizing or additional revenue.

[9:26:49 AM](#)

Senator Kiehl wondered whether there was any increase to mitigate the issue.

Ms. Sanders replied that the remaining agencies did not have an increase.

Ms. Sanders explained the requests from Department of Education and Early Development (DEED).

Co-Chair Hoffman queried the percentage increase of salaries.

Ms. Sanders did not have the percentage, but stated that they were negotiated through the union. She agreed to provide that information.

[9:29:10 AM](#)

Ms. Sanders addressed the Department of Fish and Game (DFG).

Co-Chair Hoffman recalled that there was a request for DFG to determine enhancements to Chinook. He asked whether the administration was concerned with that issue.

Ms. Sanders replied that she could not speak for the department. She stated that there were specific items that addressed salmon. She stressed that she could not speak to that issue.

Co-Chair Stedman felt that the commissioner of DFG would speak to that issue.

[9:35:09 AM](#)

Senator Wilson noted that the postpartum funding matched the fiscal note number.

Ms. Sanders stated that the item was inadvertently left out.

Senator Wilson wondered whether there were any other fiscal notes that were left out within the supplemental budget.

Ms. Sanders replied that there was one addressed in the current budget, but not supplemental.

[9:38:09 AM](#)

Ms. Sanders looked at the Department of Labor and Workforce Development (DLWD).

Co-Chair Stedman asked whether there were any issues with the sweep.

Ms. Sanders responded that there were a few funds that were swept.

Co-Chair Stedman queried what would happen in 2022, if the grantee did not spend the allocation.

Ms. Sanders replied that the grantee returned the funds, then swept the funds to the CBR.

Co-Chair Stedman queried the actions to minimize the import of fire personnel and equipment.

[9:45:12 AM](#)

NORM MCDONALD, DEPUTY DIRECTOR, FIRE PROTECTION, DIVISION OF FORESTRY, PALMER (via teleconference), replied that the intent was to increase the preparedness.

Co-Chair Hoffman asked about who was responsible for fires on federal and state lands.

Mr. McDonald replied the suppression efforts had an agreement with the federal government.

Co-Chair Hoffman wondered whether there was a market increase in fires on federal land, and asked about the fires in the fire district in McGrath.

Mr. McDonald replied that the ownership of the fires, varied year to year. He stated that the last two years had fires on state land. He recalled that it was reversed in 2019. He stated that there was ongoing work to rebuild the McGrath station to what it was before 2016.

[9:51:48 AM](#)

Co-Chair Olson recalled some concerns about the hiring process of the firefighters. He queried the current recruitment process of those in smaller communities.

Mr. McDonald replied that the majority of the workforce was in rural Alaska, which was "call when needed."

[9:55:03 AM](#)

Co-Chair Olson stressed that many communities did not have online capabilities, and asked how those communities accessed the programs without access to the internet.

Mr. McDonald replied that there was outreach to the rural communities, and native corporations.

Co-Chair Stedman surmised that there was 80 percent vacancies.

Mr. McDonald replied in the affirmative.

Co-Chair Olson wondered how a person was put on the list for federally protected zones.

Mr. McDonald replied that the federal government had a process that he would submit to the committee at a later date.

[9:59:32 AM](#)

Ms. Sanders addressed Department of Transportation and Public Facilities (DOTPF).

Co-Chair Stedman asked about the airport accounting system.

Ms. Sanders replied that there was work to close out the financial books, but were slightly behind, so they requested resources to timely address the issue.

Co-Chair Stedman asked when that work was expected to be completed.

Ms. Sanders replied that she did not have a timeline for that work.

Co-Chair Stedman asked that there be a follow up about that completion.

Ms. Sanders agreed to provide that information.

Co-Chair Hoffman queried the current status of Statewide Transportation Improvement Program (STIP) funding.

Ms. Sanders replied that there was no funding to address STIP.

Co-Chair Hoffman surmised that STIP was running smoothly.

Ms. Sanders replied that STIP was submitted, thanks to an extension and agreed that there was improvement needed to meet deadlines.

Co-Chair Hoffman wondered whether any STIP programs were in jeopardy.

Ms. Sanders deferred to Mr. Pannone,

[10:06:03 AM](#)

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[10:06:20 AM](#)

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[10:07:09 AM](#)

Co-Chair Hoffman wondered the reason for the extension, and its timeline.

Co-Chair Olson looked at item 43, and wondered how the decision to remove the airport improvement.

Ms. Sanders replied that it was no longer classified as an international airport.

Co-Chair Olson surmised that it was no longer an international airport because there was no customs at the airport.

Ms. Sanders agreed to provide that information.

[10:09:58 AM](#)

Senator Wilson wondered when the contractor was awarded for the services on line 47.

Ms. Sanders replied that she did not have the history, but agreed to follow up with more information.

Senator Kiehl noted that there was work on maintaining jet service to Gustavus, and wondered whether that issue was resolved without supplemental funding.

Ms. Sanders agreed to provide that information.

Ms. Sanders pointed to a request for \$375,000 for the Elected Public Officials Retirement System (EPORS).

Co-Chair Stedman wondered why this request was necessary.

Ms. Sanders deferred to the Division of Retirement and Benefits.

[10:15:00 AM](#)

Ms. Sanders addressed slide 4, "Capital Supplemental Requests."

Co-Chair Hoffman asked about whether the grants had been issued on the slide.

Ms. Sanders agreed to provide that information.

Co-Chair Hoffman surmised that the \$38 million had not been distributed.

Ms. Sanders agreed.

Senator Wilson wondered whether there was a federal cost share for the databases.

Ms. Sanders deferred to Ms. Lager.

10:18:02 AM

HANNAH LAGER, ADMINISTRATIVE SERVICES DIRECTOR, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, JUNEAU (via teleconference), agreed to follow up.

10:18:25 AM

Senator Wilson wondered whether there was community assistance budget request.

Ms. Sanders replied that the administration did not include that request, due to the volume of supplemental requests.

Senator Wilson queried the amount of leftover COVID assistance funds.

Ms. Sanders agreed to provide that information.

10:19:39 AM

Co-Chair Hoffman remarked that the governor made a strong case about following the law, and stressed that the community assistance funding was also state law.

Ms. Sanders continued to discuss the Department of Military and Veterans Affairs (DMVA) supplemental request.

Ms. Sanders discussed the request for the Alaska Marine Highway System.

Co-Chair Hoffman felt that the item fell under the operating budget.

Co-Chair Stedman asked about the accounting for the Harbor Matching Grant Funding selection process.

Ms. Sanders agreed to provide that information.

10:23:12 AM

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10:27:59 AM

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10:28:07 AM

Co-Chair Stedman asked about the federal funding, and other documents included in the packet.

Ms. Sanders replied that OMB provided a spreadsheet.

10:30:23 AM

Senator Wilson wondered whether there was some flexibility in the supplemental requests.

Ms. Sanders replied that she would provide balances for the programs.

Co-Chair Stedman discussed housekeeping.

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ADJOURNMENT

10:33:16 AM

The meeting was adjourned at 10:33 a.m.