

SENATE FINANCE COMMITTEE
February 7, 2024
9:07 a.m.

[9:07:42 AM](#)

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:07 a.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

None

ALSO PRESENT

Lacey Sanders, Director, Office of Management and Budget;
Katherine Keith, Deputy Commissioner, Department of
Transportation and Public Facilities; Alexei Painter,
Director, Legislative Finance Division; Sam Greely, Staff,
Senator Lyman Hoffman; Senator Elvi Gray-Jackson, Sponsor;
Besse Odom, Staff for Senator Gray-Jackson, Juneau;

PRESENT VIA TELECONFERENCE

Dom Pannone, Director of Program Management and
Administration, Department of Transportation and Public
Facilities, Juneau; Jane Gottschalk, Vice Mayor, City of
Aleknagik, Aleknagik; Ann Ringstad, NAMI Alaska, Anchorage;
Jen Griffis, Vice President of Policy and Advocacy, Alaska
Children's Trust, Anchorage; Steven Pearce, Director,
Citizen's Commission on Human Rights, Seattle;

SUMMARY

SB 24 PUBLIC SCHOOLS: MENTAL HEALTH EDUCATION

SB 24 was HEARD and HELD in committee for further consideration.

SB 141 NAMING RAYMOND and ESTHER CONQUEST BRIDGE

SB 141 was HEARD and HELD in committee for further consideration.

ADMINISTRATION RESPONSE TO PRIOR MEETINGS:
OFFICE OF MANAGEMENT and BUDGET
LEGISLATIVE FINANCE DIVISION

^ADMINISTRATION RESPONSE TO PRIOR MEETINGS: OFFICE OF
MANAGEMENT and BUDGET

[9:08:43 AM](#)

Senator Wilson recalled the issue of the veto explanation of the Mt. Edgecumbe funding.

LACEY SANDERS, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, (OMB) began with Item 14.

[9:09:53 AM](#)

AT EASE

[9:10:14 AM](#)

RECONVENED

[9:10:23 AM](#)

Ms. Sanders began with item 14 from the letter from the Office of the Governor dated February 1 (copy on file):

14. Was the Department of Fish and Game research vessel disposed of or sold? If it was sold, what is the status of the proceeds? And what is the life expectancy of the new vessel?

The Department of Fish and Game's (DFG) research vessel was disposed of for \$100.0. The \$100.0 received for the disposal was retained by the division and the proceeds will be used for deferred maintenance for other divisional assets.

The life of a large asset can be hard to determine. It is highly dependent on DGF's ability to do routine

maintenance. The other large vessels in the DFG fleet were acquired as follows:

- Research Vessel (R/V) Solstice - 2005
- R/V Resolution - 1971
- R/V K-Hi-C - maintained and operated by the Division of Commercial Fisheries since 1996; owned by the Kodiak Island School District
- R/V Medeia - 1994
- R/V Krestrel - 2003

The recommended maintenance required to safely operate the vessels is a dry dock every three years. The most recent full dry docks have cost around \$750.0. The Division of Commercial Fisheries has four aircraft in addition to the vessels listed above that also require regular maintenance for safe operation.

Senator Wilson wondered why there was a maintenance and operation of a vessel owned by the school district.

Ms. Sanders agreed to provide that information.

Ms. Sanders looked at item 15:

15. Provide information on the Per- and Polyfluoroalkyl Substances (PFAS) related truck replacement budget item.

The Department of Transportation & Public Facilities (DOT&PF) is seeking \$2,533.3 in unrestricted general fund funding to cover Per- and Polyfluoroalkyl Substances (PFAS) related costs that are federally ineligible and to transition Aircraft Rescue and Fire Fighting (ARFF) vehicles from Aqueous Film Forming Foam (AFFF) to Fluorine-Free Foam (F3). Additional information about this project can be found on the attached document.

- Attachment 5 - FY2025 Capital Project 65234 - DOTPF Stwd PFAS Fleetwide Foam Replacement.pdf.

Senator Kiehl surmised that the FAA was participating in early replacement of the trucks through airport improvements. He wondered whether there was confidence in "clean" with no clean up of groundwater.

Ms. Sanders agreed.

Ms. Sanders pointed to slide 16:

16. Provide an update on the Alaska Marine Highway System (AMHS) funding and FY2024 cashflow, to include receipt/nonreceipt of anticipated federal funds.

On the award that came out November 29, 2023, DOT&PF received less than they applied for with the operating grant.

The true impact of the shortfall (or reduced award) is mitigated by the unlikelihood that DOT&PF would be able to spend all these funds due to the Marine Vessel (M/V) Matanuska not being in service and crew shortages; in addition, DOT&PF only spent approximately 88 percent of the budget in calendar year 2023.

The below table also provides information about the awards and associated projects. Note that \$21 million went to the America Samoa that otherwise would have gone, presumably, to Alaska. The Secretary of Transportation has full discretion over the award.

[9:15:22 AM](#)

KATHERINE KEITH, DEPUTY COMMISSIONER, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, stated that there was a reduced allocation for operating funds. She explained that there was a determination that the funding could meet the current budget.

Co-Chair Stedman remarked that there was a concern about low cash flow, and wanted to know about the department impact.

Ms. Keith replied that she felt that the budget request was adequate to meet the needs of FY 24 into FY 25.

[9:17:04 AM](#)

AT EASE

[9:18:03 AM](#)

RECONVENED

[9:18:08 AM](#)

Co-Chair Stedman shared that there was a budget for a schedule. He wondered whether there would be adequate funds to maintain the Alaska Marine Highway in FY 25.

Ms. Keith replied that Mr. Pannone could address that question.

[9:19:41 AM](#)

DOM PANNONE, DIRECTOR OF PROGRAM MANAGEMENT AND ADMINISTRATION, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, JUNEAU (via teleconference), replied that the current calendar year 2024 there was budgeted \$66 million for federal funds, and a received a significantly smaller amount, creating a shortfall. He explained that the shortfall was mitigated by some other factors.

Co-Chair Stedman wondered whether the department expected Samoa to pick up some of the cost.

Mr. Pannone replied that Samoa received some of the funds, and stated that there was an exception for the Alaska Marine Highway System outside of the requirements.

Co-Chair Stedman remarked that he would expect Samoa to do the same as Alaska.

[9:25:40 AM](#)

Senator Kiehl recalled that the previous budget included toll credits, and asked whether there was full approval to appropriate those credits.

Mr. Pannone replied that appropriation of those credits was a novel financing concept in the year prior, which resulted in establishing policies.

Co-Chair Stedman hoped that the toll credits would work as expected, and asked about dates to factor into the budget process.

Mr. Pannone replied that there was a current review of the request, and hoped to have the request at the beginning of the fiscal year, but was taken longer than expectation.

Co-Chair Stedman asked about an approximate expectation.

Mr. Pannone replied that he would follow up on that issue.

Co-Chair Stedman stated that there would be work on the question in subcommittee.

Ms. Keith stated that there was typically a thirty-day turnaround on requests.

Co-Chair Stedman stressed that knowing the date could have significant impacts on the capital budget.

[9:30:07 AM](#)

Ms. Sanders discussed item 17:

17. Clarify the Alaska Statewide Transportation Improvement Program (STIP) concerns with the Federal Highway Administration (FHWA) reducing the allocation to Alaska.

In the past, the Department of Transportation and Public Facilities (DOT/PF) was allowed to inflate the projects in the STIP by 30 percent, even knowing there was only 100 percent worth of funding, the plan showed 130 percent.

This year, the FHWA Alaska Office, and others involved, took a strict interpretation of the Code of Federal Regulations (CFRs), between public release of the STIP in July 2023 and submittal on January 19, 2024, 30 percent worth of the funding in the plan was pushed to years beyond the STIP or shown as illustrative; no funding was reduced. There is a new Municipal Planning Organization, which changed the distribution of those funds slightly, but did not lessen the amount coming Alaska.

Ms. Sanders highlighted item 18:

18. Will the contracted statewide salary study compare State of Alaska employees to employees in other states?

Yes. This is outlined in the Scope of Work of the State of Alaska's Request for Proposals on the Statewide Salary Study (RFP 2024-0200-0142), which can be found at the State of Alaska Online Public Notices website. The qualified offeror is to perform a comprehensive salary survey that collects salary, pay schedules and structures, retirement and health benefits, paid holiday, and leave accrual data for employment positions with the federal government, other states, municipal government organizations, and private sector employers that are like a wide range of

State of Alaska employment positions presented in the State's comparison pool. The comparison pool consists of benchmark, journey level jobs used to identify comparable jobs in the market. The qualified offeror is to administer the survey to a representative sample of employers across other states, municipal government organizations, the federal government, and private sector employers, ensuring a diverse and representative mix of organizations.

Ms. Sanders stated that there were remaining follow-up responses forthcoming:

1. Provide information on incentives offered to heavy equipment operators, especially at airports.
2. Update on recruitment efforts. Some prior requirements were waived - for what level of positions has this occurred (i.e. skilled, entry level, etc)? Is it working?

[9:34:10 AM](#)
AT EASE

[9:34:51 AM](#)
RECONVENED

^ADMINISTRATION RESPONSE TO PRIOR MEETINGS: LEGISLATIVE FINANCE DIVISION

ALEXEI PAINTER, DIRECTOR, LEGISLATIVE FINANCE DIVISION, (LFD) discussed a letter dated January 31, 2024 (copy on file). He pointed to the first question:

Senator Hoffman asked about how other large funds handle inflation proofing. Alaska's two-account system is unusual for large funds of its type; most have a single account with a spending rule (which may be based on a POMV like Alaska's, or other rules). We could find one example that is comparable to the Alaska Permanent Fund's structure. The North Dakota Legacy Fund has a similar constitutional structure, where earnings may be spent by the legislature, but the principal is protected (although it can be spent with a two-thirds vote of the legislature). Inflation-proofing for that fund is subject to appropriation

each biennium; there are no rules for inflation-proofing.

Co-Chair Hoffman wondered whether other major university funds had major maintenance funding receiving inflation proofing.

Mr. Painter replied that most major universities had funds that had rules to account for inflation.

Mr. Painter addressed question 2 from Co-Chair Stedman about the historical comparison of production by field.

[9:38:29 AM](#)

Mr. Painter pointed to question 3:

Senator Hoffman asked about the total amount of the Governor's FY24 vetoes.

The Governor vetoed \$145.4 million UGF from the operating budget and \$56.8 million UGF from the capital budget, for a total of \$202.2 million UGF.

Mr. Painter looked at the final question:

Senator Merrick asked how long it would take to retire current school debt.

The current debt schedule shows that debt will remain outstanding through FY40, although the total per year falls under \$1 million beginning in FY37.

[9:42:31 AM](#)

AT EASE

[9:44:34 AM](#)

RECONVENED

Co-Chair Stedman handed the gavel to Co-Chair Olson.

#sb141

SENATE BILL NO. 141

"An Act naming the Raymond and Esther Conquest Bridge."

[9:45:24 AM](#)

SAM GREELY, STAFF, SENATOR LYMAN HOFFMAN, presented the sponsor statement (copy on file).

Co-Chair Olson asked whether the family was from the area.

Mr. Greely replied in the affirmative.

[9:48:59 AM](#)

JANE GOTTSCHALK, VICE MAYOR, CITY OF ALEKNAGIK, ALEKNAGIK (via teleconference), spoke in support of the bill.

Co-Chair Olson OPENED and CLOSED public testimony.

SB 141 was HEARD and HELD in committee for further consideration.

[9:53:46 AM](#)

AT EASE

[9:54:29 AM](#)

RECONVENED

#sb24

SENATE BILL NO. 24

"An Act relating to mental health education; and providing for an effective date."

[9:54:32 AM](#)

SENATOR ELVI GRAY-JACKSON, SPONSOR, read from the Sponsor Statement (copy on file):

CSSB 24 amends the existing health education curriculum statute to include mental health in all K-12 health classrooms to adequately educate students on vital information pertaining to mental health symptoms, resources, and treatment.

The Alaska State Board of Education and Early Development and the Alaska Department of Education and Early Development (DEED) will develop guidelines for instruction in mental health in consultation with numerous stakeholders. Such organizations include, but are not limited to, the National Council for Behavioral Health, Providence Health and Services

Alaska, Southcentral Foundation, Anchorage Community Mental Health Services, Inc., North Star Behavioral Health System, and the National Alliance on Mental Health Illness Alaska. The standards will be developed in consultation with counselors, educators, students, administrators, and other mental health organizations to form effective guidelines for school boards, teachers, and students.

After standards have been developed, the Alaska State Board of Education and Early Development and DEED will be responsible for implementation throughout the Alaska school system. As with existing health education curriculum, the DEED, the Department of Health, and the Council on Domestic Violence and Sexual Assault will provide technical assistance to school districts in the development of personal safety curricula. An existing school health education specialist position will assist in coordinating the program statewide.

CSSB 24 aims to decrease the stigma surrounding mental illnesses and increase students' knowledge of mental health, encouraging conversation around and understanding of the issue.

[9:57:06 AM](#)

BESSE ODOM, STAFF FOR SENATOR GRAY-JACKSON, JUNEAU, discussed the Sectional Analysis:

Section 1: The uncodified law of the State of Alaska is amended by adding a new section to read Legislative Intent. This section specifies what entities will develop guidelines for instruction in mental health.

Section 2: This section amends AS 14.03.016(a) which is the statute that relates to a parent's right to direct the education of their child, by adding a new subsection that would allow parents to be notified at least two weeks before any class or program regarding mental health is offered.

Section 3: This section amends AS 14.30.360(a) which addresses health education curriculum and physical activity guidelines by removing the word "physical" when referencing instruction for health education and

adding "mental health" and "physical health" to the list of curriculum items each district includes in their health education programs.

Section 4: This section amends AS 14.30.360(b) which addresses health education curriculum and physical activity guidelines. The section clarifies that developmentally appropriate instruction in mental health be developed by the state board in consult with the Department of Health, Department of Family and Community Services and other entities. The section also list the Department of Family and Community Services as one of many entities that shall provide technical assistance to school districts in the development of personal safety curricula upon request.

Section 5: The uncodified law of the State of Alaska is amended by adding a new section to read Report to the Legislature. This section clarifies that a report must be given to the Senate Secretary and Chief Clerk of the House of Representatives. This report must include a copy of developmentally appropriate instruction in mental health developed by the State Board of Education and Early Development and describe the process used to develop such guidelines.

Section 6: The uncodified law of the State of Alaska is amended by adding a new section to read Transition. Specifically, the section requires that the state Board of Education and Early Development shall develop the mental health guidelines within two years after the effective date of this Act. Section 7: This section sets an effective date of July 1, 2023

[10:00:01 AM](#)

AT EASE

[10:01:24 AM](#)

RECONVENED

[10:01:39 AM](#)

ANN RINGSTAD, NAMI ALASKA, ANCHORAGE (via teleconference), spoke in support of the legislation.

[10:05:19 AM](#)

JEN GRIFFIS, VICE PRESIDENT OF POLICY AND ADVOCACY, ALASKA CHILDREN'S TRUST, ANCHORAGE (via teleconference), spoke in support of the bill.

[10:07:48 AM](#)

Co-Chair Olson OPENED public testimony.

[10:08:11 AM](#)

STEVEN PEARCE, DIRECTOR, CITIZEN'S COMMISSION ON HUMAN RIGHTS, SEATTLE (via teleconference), spoke against the legislation.

Ms. Odom replied that the concerns expressed by Mr. Pearce were best handled by those in the psychiatric field.

Co-Chair Olson CLOSED public testimony.

Co-Chair Olson discussed housekeeping.

SB 24 was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

[10:13:56 AM](#)

The meeting was adjourned at 10:13 a.m.