

SENATE FINANCE COMMITTEE  
April 10, 2024  
9:22 a.m.

[9:22:17 AM](#)

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:22 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;  
Dom Pannone, Director of Program Management and  
Administration, Department of Transportation and Public  
Facilities.

SUMMARY

^GOVERNOR'S AMENDMENTS: OFFICE OF MANAGEMENT AND BUDGET:  
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

[9:23:59 AM](#)

LACEY SANDERS, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET,  
(OMB) discussed the presentation, "State of Alaska; Office  
of Management and Budget; FY2025 Governor's Amended Budget;  
Senate Finance Committee; March 14, 2024" (copy on file).  
She pointed to slide 2, "FY2025 Updated Fiscal Summary":

Footnotes:

1. Percent of Market Value (POMV) from the Earnings Reserve Account (ERA).
2. The Constitutional Budget Reserve (CBR) Cash Balance per Department of Administration, Division of Finance.

Co-Chair Stedman remarked that there was not an intent to run a \$860 million in the current year, and stressed that the committee would work to balance the budget.

Co-Chair Hoffman noted that there would not be a utilization of the CBR.

Co-Chair Stedman agree.

Ms. Sanders addressed slide 3, "Updated 10-Year Fiscal Outlook."

[9:30:53 AM](#)

Co-Chair Stedman noted that there was interest in working with OMB to minimize future supplemental requests.

Ms. Sanders replied that OMB was available to assist in providing accurate information for the upcoming years.

Co-Chair Stedman remarked that it was important to not utilize supplemental requests as adequate management of the state's budget.

Ms. Sanders looked at slide 4, "Operating Governor Amend Requests."

Co-Chair Stedman noted that there was a need to address the upgrade for the delivery of the Permanent Fund Dividend (PFD).

[9:36:56 AM](#)

Co-Chair Stedman noted that there was work on the statewide transportation for the upcoming few years. He remarked that the committee needed some assistance that may not have been fully authorized.

[9:38:15 AM](#)

DOM PANNONE, DIRECTOR OF PROGRAM MANAGEMENT AND ADMINISTRATION, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, stated that some of the projects were removed as a matter of process in which plan they reside. He noted that there was a significant issue because the metropolitan planning commissions had planning rights within the boundaries in the outline.

Co-Chair Stedman requested that there not be used of acronyms.

Mr. Pannone explained that certain populations were required to have a metropolitan planning organization (MPO), that was responsible for planning transportation projects. He noted that MPOs were required to have a four-year transportation improvement plan. He remarked that a conflict was a mismatch of projects.

[9:40:27 AM](#)

Co-Chair Stedman asked about advanced construction.

Mr. Pannone explained that advanced construction was authorized in federal law to begin work on a project before an official agreement from the federal government.

Co-Chair Stedman wondered whether the funding for advanced construction was \$500 million.

Mr. Pannone agreed, but would be reduced by using revenue and adjusting to an official obligation.

Co-Chair Stedman wondered whether the goal was to reduce "over authorization."

Mr. Pannone replied that it was the impact of tying legislative authority to the amount of revenue received by the Department of Transportation and Public Facilities (DOT/PF).

Co-Chair Stedman queried the risk by producing a match in the event that the project not receive authorization.

Mr. Pannone responded that the current governor's request, which was the match, was for the amount of revenue. He explained that there could only be advanced construction on a project on the list.

Co-Chair Stedman surmised that there would not be excess match money in DOT/PF.

Mr. Pannone agreed.

[9:45:29 AM](#)

Senator Bishop noted that there would be a limit on advanced construction.

Mr. Pannone stated that the limit on advanced construction was based on legislative authority and match funds.

Senator Bishop remarked that \$50 million was the limit until there was official authorization.

Mr. Pannone stated that it was the current expenditure balance on the authorization.

Co-Chair Stedman asked for an explanation of the August redistribution.

Mr. Pannone replied August redistribution happens toward the end of the federal fiscal year when the balance of remaining project funds from various states is redistributed across the states.

Co-Chair Stedman wondered whether Alaska could receive a redistribution in August.

Mr. Pannone replied that Alaska still had the authorization that could be applied for the August redistribution.

Co-Chair Stedman requested a list of the projects categorized by House district.

Mr. Pannone agreed to provide that information.

Senator Bishop hoped to work to examine the list of projects.

[9:49:49 AM](#)

Senator Wilson wondered whether adjusting the number of the project changes the timeline.

Mr. Pannone remarked that there were several program groupings, but the federal government asked that those projects be ungrouped in the list.

Co-Chair Stedman stated that he already had the list of projects by House district.

Senator Bishop wondered whether there was an agreement for funds to be spent in the Yukon Territory.

Mr. Pannone agreed.

Co-Chair Stedman asked for an explanation of that project.

Mr. Pannone replied that it was funding for a portion of the Alaska Highway in the Yukon.

Senator Bishop remarked that the agreement went as far back as World War II.

[9:53:54 AM](#)

AT EASE

[9:56:18 AM](#)

RECONVENED

[9:57:09 AM](#)

Co-Chair Stedman asked about the transportation plan, and the amendments' impact on fiscal constraints for existing projects.

Mr. Pannone stated that fiscal constraint was a requirement in federal regulation that each year was constrained to predictable and fairly certain revenues. He shared that there had been some margin of about 30 percent, so there was more projects than revenue.

Co-Chair Stedman wondered whether there was a plan for the unapproved projects to move forward without alteration.

Mr. Pannone replied that the funding would be spread across over four years, and it may go beyond four years. He stated that there would be work on what that would look like with the federal government.

[10:01:58 AM](#)

Co-Chair Stedman asked about the timing on the authorization, and whether there needed to be an amendment.

Mr. Pannone responded that the \$184 million was across the four-year plan. He noted that the amount in FY 25 allowed for six months to make the amendment.

[10:04:26 AM](#)

AT EASE

[10:05:29 AM](#)

RECONVENED

[10:05:36 AM](#)

Ms. Sanders discussed slide 5, "Capital Governor Amend Requests."

Senator Kiehl asked about the 12-year-old ratification.

Ms. Sanders replied that that the Senior and Disabilities Services system upgrade was initially appropriated in 2012, but there were system issues that resulted in a shortfall in anticipated revenue.

Co-Chair Stedman queried the impact on not ratifying the project.

Ms. Sanders replied that it resulted in an audit finding, so ratification was required to fix the audit finding.

[10:10:08 AM](#)

Senator Kiehl remarked that there may be an issue in the courts to settle a constitutional question.

Co-Chair Stedman stated that the committee would take it under advisement.

Ms. Sanders looked at slide 6, "Capital Supplemental Requests."

Co-Chair Stedman thanked the presenters.

#

ADJOURNMENT  
10:14:24 AM

The meeting was adjourned at 10:14 a.m.