

SENATE FINANCE COMMITTEE
April 24, 2024
1:38 p.m.

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CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 1:38 p.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

Pete Ecklund, Staff, Senator Bert Stedman

SUMMARY

CSHB 268(FIN) am(brf sup maj fld)
APPROP: OPERATING BUDGET; CAP; SUPP; AM

CSHB 268(FIN) was heard and HELD in Committee for further consideration.

CSHB 270(FIN)
APPROP: MENTAL HEALTH BUDGET

CSHB 270(FIN) was heard and HELD in Committee for further consideration.

Co-Chair Stedman discussed the agenda.

#hb268

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; making supplemental appropriations and reappropriations; and providing for an effective date."

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Co-Chair Hoffman MOVED to ADOPT proposed committee substitute for CSHB 268(FIN), Work Draft 33-GH2492\0 (Marx, 4/23/24).

Co-Chair Stedman OBJECTED for discussion.

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PETE ECKLUND, STAFF, SENATOR BERT STEDMAN, reviewed the changes in Version 0 from the previously adopted Committee Substitute (CS) and read from prepared testimony:

Department of Commerce, Community and Economic Development

P4, L29-30 - \$403.5 of UGF was added to the Alaska Legal Services Corporation. When combined with the \$696.5 (\$400 gf and 296.5 dgf) already in the budget for this purpose, the total available to the ALSC is \$1.1 million.

P5, L17-21 - Relating to the Alaska Tourism Industry Association - Replaced prior intent regarding Alaska Seafood Marketing Institute and Alaska Tourism Industry Association (ATIA) and now asks that \$1.5 million appropriated to both ASMI and ATIA be used by both recipients to cooperate and collaborate together to efficiently deploy marketing dollars to jointly support Alaska seafood and Alaska as a destination for tourism.

P7, L11-16 - The Alaska Seafood Marketing Institute:

Increased federal receipt authority to \$13 million, and changed the transaction title to the existing \$10 million Unrestricted General Funds for ASMI to: "General Funds to Match FY 23 Industry Contribution to

ASMI". Also changed from a one-time increment to a base increment.

P7, LG-10 Replaced prior intent regarding ASMI and Alaska Tourism Industry Association (ATIA) and now asks that \$1.5 million appropriated to both ASMI and ATIA be used by both recipients to cooperate and collaborate together to efficiently deploy marketing dollars to jointly support Alaska seafood and Alaska as a destination for tourism.

P7, L11-16 It is the intent of the legislature to match the level of seafood industry contributions from the most recent closed fiscal year in an amount not to exceed \$10 million and that the Alaska Seafood Marketing Institute (ASMI) limit expenditures of Statutory Designated Program Receipts to \$10 million. It is further the intent that ASMI manage available resources to have between \$10 to \$15 million for non-international marketing purposes available annually for the fiscal years 2025 through 2027.

Department of Education and Early Development

P12, L11-13 - Add \$155.3 thousand GF/Match and \$35.8 thousand Federal authority to the Department of Education -Alaska State Council on the Arts to fully account for Federal authorization, and the related GF match.

P12, L21 - Mt. Edgecumbe High School-Add \$500,000 Unrestricted General Funds to provide round-trip airfare allowing students to travel home for Christmas over the winter break and return for the remainder of the school year.

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Mr. Ecklund continued to address the changes in the CS:

Office of the Governor

P18, L32- New intent that asked for the implementation of the Statewide Salary Survey and for a report by December 20, 2024 from the Office of the Governor to the Co-Chairs as to the steps taken to date and the

future actions needed to fully implement the recommendations of the Salary Survey.

Various - renaming of allocations

Renamed state facilities rent appropriations and allocations to State Facilities Maintenance and Operations to better conform to state statute (AS 37.07.020 (e)).

Per AS 37.07.020(e), agencies are required to present their operating budgets for facilities' maintenance and operations separately from other budget items. These have previously been put forward in their respective budgets under the Facilities Rent allocations. This Committee Substitute renames the allocations to Facilities Maintenance and Operations to better align with the statute and to gain a better understanding of the budgetary needs required to maintain the State's assets. Intent language is also included to the Office of the Governor requesting adherence to this statute.

Likewise, the CS includes similar intent language asking for a report which would identify operating and maintenance costs for non-state equipment fleet vehicles, aircraft and vessels in attempt to better understand the cost requirements for these assets and the potential for their itemization in future budgets.

With the combination of renaming allocations and the related intent, we are starting the process of better identification of these maintenance and asset costs, so improvements can be made in future budget analysis and development.

P19, L15-20- New intent asking the executive branch implement automation of processes and delivery of state services where possible.

Department of Health

Formerly on P23, L16 - Delete \$15 million UGF increment added in Senate subcommittee for Department of Health - Medicaid Services - Back Funding for Federally Qualified Health Centers.

The transaction was removed to allow the Department of Health to complete its review and audit process before additional payments are considered.

Co-Chair Stedman explained that two days previously the committee had a hearing on the subject of back funding for federally qualified health centers. He noted that all members had participated and there had been a substantial lack of support for the item, so it was pulled from the subcommittee report.

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Mr. Ecklund continued to address the changes to the CS:

P20, L18-19 Added Federal receipt authority of \$3 million to support behavioral health programs. 4/9 GovAmd

P21, L14-Add \$7.5 million UGF to Department of Health-Public Assistance -Child Care Benefits for the Child Care Grant Program to maintain the support provided to the child care sector.

P22, L4-5 Utilize the Opioid Settlement to Combat the Opioid Epidemic, a temporary increment FY25-FY40 of \$4.39 million of Statutory Designated Program Receipts. This will allow the division to utilize the opioid settlement funds over the life of the settlement to offer a continuous grant program. 4/9 GovAmd

P22, L6 - Change transaction title in Department of Health - Public Health - Epidemiology from "Support Efforts to Eliminate Congenital Syphilis" to "Support Efforts to Eliminate Tuberculosis and Congenital Syphilis". Funding allocations remain as approved by the subcommittee.

P23, L16-Add \$7.5 million Fed and \$7.5 million GF/Match (\$15 million total) to the Department of Health - Medicaid Services -to increase reimbursement rates for providers of home and community-based services.

Included new Intent on P24, L 3-7 stating entities receiving the increased reimbursement rates for

providing Home and Community Based Services pass along a 5% wage increase to employees.

University of Alaska

P40, L4-8- New University intent language requesting the return of the Childs Frick-Alaska Quaternary Mammal Collection from the American Museum of Natural History.

Supplemental Numbers Section

Department of Corrections

P60, L4-added \$256.6 thousand of general funds for the Goose Creek dental contract. 4/9 GovAmd

Alaska Court System

P63, L12-14 - Add \$5,000 UGF (whole dollars) to Judiciary - Commission on Judicial Conduct - Commission on Judicial Conduct. This is an FY24 Supplemental that is needed to true-up a small shortfall in this allocation (for travel).

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Mr. Ecklund addressed changes to the language section of the bill:

Language Section Changes

Sec 14 Supplemental Department of Education and Early Development

P68, L27 - New section that amends a prior boarding school stipend grant from \$2.1 million to \$4.03 million and extends the appropriation to ending June 30, 2025.

Sec 23 Supplemental Fund Transfer

P75, L13 - This is a Governor's amendment that cleans up fund accounting by transferring \$5.4 million dollars of berth fees from the ocean ranger program account to the commercial passenger vessel environmental compliance account.

Sec 26 Supplemental Special Appropriation

P76, L13-28 - Amends the existing FY24 'waterfall' language to state that revenue above \$6.264 billion will be appropriated at a capped amount of \$143.3 million to the dividend fund for an energy relief payment. Revenue beyond that, which had been previously directed to the Constitutional Budget Reserve Fund, will now be directed to general surplus and be available for appropriation to the capital budget or any other purpose.

Sec 36 Department of Education and Early Development

P84, L6-18 - New subsection (h) provides a not to exceed amount of \$5.2 million from the general fund for grant payments to school districts to provide support, intervention, and services the students need to reach reading proficiency by the end of grade three. If the \$5.2 million is not enough to fully fund the distribution formula, then each grant will be prorated equally.

P84, L19-22 - New subsection (i) provides \$7.3 million from the general fund to be distributed as grants to school districts for pupil transportation.

Sec 55 Repealer section

P104, L2 - Added a new repeal of section 73 (q), ch. 1, FSSLA 2023. This is a repeal of an estimated to be appropriation to the Alaska Capital Income Fund. After the Annual Comprehensive Financial Report came out, it was discovered that the appropriation was not necessary.

Mr. Ecklund commented that the bill came over from the other body with the repeal already included. He had spoken with Legislative Legal Services the previous evening. There had been an error in the bill title when it came over from the other body, it had been deemed a clerical error, and a title change was not needed.

Mr. Ecklund discussed a couple of different appropriations in the legislation that dealt with true ups of fund balances. He mentioned that there had been some difficulty

with the Legislative Branch and the Executive Branch in coming up with consistent fund balances that each tracked. He noted that Senator Kiehl had been chair of the Department of Administration budget subcommittee and had included funding for a new position to help with fund tracking.

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Co-Chair Stedman WITHDREW his OBJECTION. There being NO further OBJECTION, the CS for CSHB 268(FIN) was ADOPTED.

Co-Chair Stedman relayed that there were several amendments to consider.

[1:56:31 PM](#)

Senator Olson MOVED to ADOPT Amendment 1 (copy on file):

DEPARTMENT: Legislature
APPROPRIATION: Legislative Council
ALLOCATION: Security Services

ADD: \$100.0 UGF (1004)

EXPLANATION: Restore FY24 Existing Contracted Security Services at the Anchorage Legislative Office Building Vetoed by the Governor

FISCAL YEAR: FY24

DEPARTMENT: Legislature
APPROPRIATION: Legislative Council
ALLOCATION: Administrative Services

ADD: \$235.0 GF/PR (DGF, 1005)

EXPLANATION: Increase Program Receipts for Assembly Building Apartments Revenue for FY24

FISCAL YEAR: FY25

DEPARTMENT: Legislature
APPROPRIATION: Legislative Council
ALLOCATION: Integrated Technology Services

STRUCTURE: Rename allocation "Technology and Information Services Division"

EXPLANATION: The subcommittee accepted the name change but it was inadvertently not changed in the bill. This amendment corrects the error.

FISCAL YEAR: FY25

DEPARTMENT: Commerce, Community and Economic Development

APPROPRIATION: Alaska Seafood Marketing Institute (ASMI)

ALLOCATION: Alaska Seafood Marketing Institute (ASMI)

Delete: IncOTI - \$10,000.0 Unrestricted General Funds (UGF)

EXPLANATION: The \$10,000.0 UGF addition to ASMI was changed from a one-time Increment (IncOTI) to and Increment in this second committee substitute, however, the original IncOTI was not removed so the funding is duplicated. This amendment will remove the duplicate funding and leave the \$10,000.0 Increment.

Co-Chair Stedman OBJECTED for discussion. He asked Mr. Ecklund to review the amendment.

Mr. Ecklund explained that Amendment 1 was a technical amendment. The first three portions related to the legislature's budget. The first item was \$100,000 UGF to restore the existing contractual security services for the Anchorage Legislative Office Building. The second item was \$235,000 in general fund program receipts for increased program receipt authority for the Assembly Building apartments [located in Juneau]. The two items had been inadvertently left out of the report and had been approved by Legislative Council. The third item was renaming the Technology and Information Services Division. The subcommittee had adopted the item, but it was inadvertently not changed in the reports. Lastly, there was an existing appropriation of \$10 million UGF to Alaska Seafood Marketing Institute. The \$10 million was inadvertently doubled to \$20 million in the CS; therefore, \$10 million needed to be removed from the CS.

Co-Chair Stedman WITHDREW the OBJECTION. There being NO further OBJECTION, Amendment 1 was ADOPTED.

1:58:56 PM

Senator Merrick MOVED to ADOPT Amendment 2 (copy on file):

Agency: Commerce, Community & Econ Dev
Appropriation: Community and Regional Affairs
Allocation: Community & Regional Affairs

Transaction Details

Title: Grant to the Municipality of Anchorage:
State Match for East 56th Avenue Shelter
Section: Section 1
Type: IncOTI

Line Items (Amounts are in thousands)

Personal Services: 0.0
Travel: 0.0
Services: 0.0
Commodities: 0.0
Capital Outlay: 0.0
Grants: 4,000.0
Miscellaneous: 0.0
4,000.0

Positions

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

Funding (Amounts are in thousands)

1004 Gen Fund 4,000.0

Explanation

The former Solid Waste Services Administration building at 1111 E 56th Ave. has been identified and used as an emergency cold weather shelter in Anchorage this year. The current operating costs of the shelter are estimated to be \$3.94 million for the total cost between Oct 15th - April 30th. Winter funding is covered by the Municipality.

The shelter is able to be used as a low-barrier shelter between May 1 - Oct 15th. The cost for summer operations is \$3.6 million.

The Anchorage Assembly and Mayor have jointly requested (Anchorage Resolution 2023-37) a \$4 million match from the Alaska Legislature to keep the shelter open year-round. This request is also the priority for the entire Anchorage Delegation.

Co-Chair Stedman OBJECTED for discussion.

Senator Merrick explained Amendment 2 with a prepared statement:

This amendment represents the number one priority of the bipartisan Anchorage legislative delegation, the mayor, and the assembly. As the finance member for the most populated area of our state I offer Amendment 2. This amendment would fund a \$4 million grant to provide a 100 percent match for the Municipality of Anchorage to operate a year-round shelter at the former Solid Waste Services Administration Building on East 56th Avenue in Midtown.

In 2023, the municipality funded the emergency cold weather shelter at this location, which can house up to 200 people. There are two other Anchorage shelters slated to close in June, which together have the capacity to house 374 homeless Alaskans, so the need for this location to be kept open year-round is crucial, especially since the last two summers Anchorage saw over 1,000 homeless living outside, which contributes to a significant burden and cost to our public safety officers. Approximately 50 percent of the homeless population in Anchorage are from outside of the municipality, so this is a statewide issue. I appreciate the support of the committee on this important amendment.

Co-Chair Stedman noted the amendment was offered by Senators Merrick, Stedman, and Bishop. He WITHDREW the OBJECTION.

Co-Chair Olson referenced the current runoff election [in Anchorage] and wondered if a possible administration change would alter the plans for the homeless situation in the Municipality of Anchorage.

Senator Merrick replied that she did not believe so. She explained the legislative delegation from Anchorage, the Anchorage Assembly, and the mayor had met and identified the issue as a priority. She believed both mayoral candidates supported the amendment.

There being NO further OBJECTION, Amendment 2 was ADOPTED.

[2:01:17 PM](#)

Senator Bishop MOVED to ADOPT Amendment 3 (copy on file):

Agency: Education & Early Dev
Appropriation: Education Support and Admin
Allocation: Student and School Achievement

Transaction Details

Title: Alaska Resource Education Grant Development Initiatives (FY2025-FY2026) for Statewide Workforce

Section: Language
Type: MultiYr

Line Items (Amounts are in thousands)

Personal Services: 0.0
Travel: 0.0
Services: 0.0
Commodities: 0.0
Capital Outlay: 0.0
Grants: 1,000.0
Miscellaneous: 0.0
1,000.0

Positions

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

Funding (Amounts are in thousands)

1004 Gen Fund 1,000.0

Explanation

Governor's Amended FY25 budget requested FY25-FY26 Multi-Year of \$1 million for Alaska Resource Education. The item was not included in SCS1. ARE is a 501(c)3 non-profit organization with a mission to educate students about Alaska's natural resources and

a vision to empower students to be informed stewards of Alaska's natural resources.

Co-Chair Stedman OBJECTED for discussion.

Senator Bishop explained that Amendment 3 would reinsert language proposed by the governor and provided two years of funding for a total of \$1 million. He relayed that the increment was included in the House budget, but the funding source was from Alaska Industrial Development and Export Authority (AIDEA) receipts, which were for other items in the budget.

Senator Bishop detailed that the Alaska Resource Education (ARE) fund was a 501(c)(3) nonprofit with a mission to educate students about Alaska's natural resources to be informed stewards of the state's natural resources. Over the past five years ARE had taught over 42,000 students statewide in 53 communities. The organization educated youth on careers in mining and students were mentored by industry leaders about the different types of jobs in the mining industry. He elaborated that workforce developments were focused on keeping students working and living in Alaska and ensuring they were aware of all of the high paying jobs available. He added that ARE also taught science, technology, education, and math (STEM) and other curriculum to educate students on the importance of Alaska's natural resources. The organization taught the lifecycles of renewable energy including solar, wind, hydropower, and biomass. The organization taught throughout the Interior in a myriad of schools ranging from Allakaket to Tok, Tetlin, and everything in between.

Senator Bishop thanked the committee for the latitude to offer the amendment. He WITHDREW Amendment 3.

Co-Chair Stedman stated that the committee would take a look at the issue and work it through the Conference Committee process.

[2:03:26 PM](#)

Senator Kiehl MOVED to ADOPT Amendment 4 (copy on file):

DEPARTMENT: Department of Corrections
APPROPRIATION: Population Management
ALLOCATION: Pre-Trial Services

ADD: 568.11/A Rcpts (1007)
305.9 GF/Prgm (1005)
DELETE: 874.0 UGF (1004)

EXPLANATION: The growth in pre-trial electronic monitoring is unsustainable. The Corrections subcommittee was especially concerned with the growing use of electronic monitoring for defendants who are assessed as "low risk" and should generally be released on their own recognizance pending trial.

The subcommittee recommended the full Finance Committee add interagency receipt authority and program receipts, with an associated UGF decrement in pre-trial electronic monitoring. The subcommittee recommended the department use this authority to collect half the cost of pre-trial electronic monitoring for individuals who score low risk on the pre-trial assessment tool from the party requesting the electronic monitoring.

Co-Chair Stedman OBJECTED.

Senator Kiehl explained that Amendment 4 was based on a subcommittee recommendation, and it came to the full committee because it touched multiple departments. He stated there was a growing and unsustainable problem with pretrial electronic monitoring. The state spent about \$4.5 million per year and the number continued to grow. He highlighted that the cost applied to pretrial individuals only and not individuals who had been convicted or sentenced. One of the large cost drivers pertained to individuals assessed as low risk. He stated that almost none of the individuals ever needed an electronic monitor. The subcommittee heard from the courts that the prosecutors and defense attorneys always asked for electronic monitoring whereas the defense attorneys said it was the prosecutors and the judge. He stated that everyone had an excuse for why their agency was not asking for the service. He stated that the \$874,000 UGF in the amendment reflected a best estimate of how much money the state was wasting. The amendment would take half the money of pretrial electronic monitoring for low risk individuals.

Senator Kiehl stated that a couple of questions had come up about the accuracy of the estimates. He planned to work on

the issue with the Department of Law, the Department of Administration public defender and public advocate, and the Alaska Court System. He assured the committee that the topic would come back in a future year if the state could not get an effective and efficient use of public safety dollars. He WITHDREW Amendment 4.

[2:05:57 PM](#)

Senator Kiehl MOVED to ADOPT Amendment 5 (copy on file):

DEPARTMENT: Department of Health
APPROPRIATION: Medicaid Services
ALLOCATION: Medicaid Services

ADD: Insert 90.7 UGF (1004)

DELETE: Delete conditional language "No money appropriated in this appropriation may be expended for an abortion that is not a mandatory service required under AS 47.07.030(a). The money appropriated for the Department of Health may be expended only for mandatory services required under Title XIX of the Social Security Act, unless a U.S. Supreme Court decision provides new precedent, and for optional services offered by the state under the state plan for medical assistance that has been approved by the United State Department of Health and Human Services."

EXPLANATION: Fully fund Medicaid services by restoring the amount decremented for abortions the state is constitutionally required to fund. Also deletes conditional language that attempts to put unconstitutional limits on what health care services the state funds through Medicaid.

Co-Chair Stedman OBJECTED for discussion.

Senator Kiehl explained that Amendment 5 would remove the unconstitutional conditional language about abortion care that Medicaid paid for, and it would restore the general funds removed from the Department of Health budget in Medicaid Services. He explained that the language had been to court and the budget cut had been to court. He emphasized that the language did not comply with Alaska's constitution. Under the state's constitution, the right to privacy and for a person to make their own decisions about their medical care meant that if the state was going to

cover birth, it also had to cover a person's choice not to have a baby. He noted that the issue had been before the committee in the past and the committee had spent time debating it the previous year. He had talked with the members of the committee. As strongly as he felt about the topic, he knew what the amendment outcome would be.

Senator Kiehl regretfully WITHDREW Amendment 5. He stated he had offered the amendment to mark his objection for the record.

Co-Chair Stedman stated that no other amendments had been received.

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AT EASE

[2:08:53 PM](#)

RECONVENED

Co-Chair Stedman relayed that the committee would receive a presentation from the Legislative Finance Division the following day on the state's financial position. The committee would still have the operating budget in case there were any surprises or inadvertent situations that may arise.

CSHB 268(FIN) am(brf sup maj fld) was HEARD and HELD in committee for further consideration.

CSHB 270(FIN) was HEARD and HELD in committee for further consideration.

#hb270

CS FOR HOUSE BILL NO. 270(FIN)

"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."

[2:09:21 PM](#)

Co-Chair Stedman requested a motion to adopt the CS.

Senator Kiehl MOVED to ADOPT proposed committee substitute (CS) for CSHB 270(FIN), Work Draft 33-GH2490\Y (Marx, 4/23/24) (copy on file).

Co-Chair Stedman OBJECTED for discussion. He asked Mr. Ecklund to discuss the CS.

PETE ECKLUND, STAFF TO CO-CHAIR STEDMAN, spoke to the CS. The CS included one change related to the incorporation of an April 9 amendment from the Office of Management and Budget located on page 5, lines 30 through 32 to Mental Health Trust Lands administration and support. The CS included \$61,800 of Alaska Mental Health Trust Authority Authorized Receipts (MHTAAR) and reflected a technical correction to rate adjustments for FY 25 health insurance Public Employees' Retirement System (PERS) costs.

Co-Chair Stedman WITHDREW the OBJECTION. There being NO further OBJECTION, Work Draft 33-GH2490\Y was ADOPTED.

Co-Chair Stedman asked if there were any amendments to address. He set the bill aside for further review.

CSHB 270(FIN) was HEARD and HELD in committee for further consideration.

Co-Chair Stedman reviewed the schedule for the following day.

ADJOURNMENT
2:11:47 PM

The meeting was adjourned at 2:11 p.m.