

HOUSE FINANCE COMMITTEE  
February 11, 2025  
10:33 a.m.

10:33:07 AM

CALL TO ORDER

Co-Chair Josephson called the House Finance Committee meeting to order at 10:33 a.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair  
Representative Andy Josephson, Co-Chair  
Representative Jamie Allard  
Representative Jeremy Bynum  
Representative Alyse Galvin  
Representative Sara Hannan  
Representative Nellie Unangiq Jimmie  
Representative DeLena Johnson  
Representative Will Stapp  
Representative Frank Tomaszewski

MEMBERS ABSENT

Representative Calvin Schrage, Co-Chair

ALSO PRESENT

Cathy Muñoz, Commissioner, Department of Labor and Workforce Development; Dan DeBartolo, Administrative Services Director, Department of Labor and Workforce Development.

PRESENT VIA TELECONFERENCE

Tanya Keith, Director, Labor Standards and Safety Division, Department of Labor and Workforce Development.

SUMMARY

HB 53      APPROP: OPERATING BUDGET; CAP; SUPP

HB 53 was HEARD and HELD in committee for further consideration.

HB 55 APPROP: MENTAL HEALTH BUDGET

HB 55 was HEARD and HELD in committee for further consideration.

OVERVIEW: FY26 DEPARTMENT BUDGET

Co-Chair Josephson reviewed the meeting agenda.

^OVERVIEW: FY26 DEPARTMENT BUDGET

#hb53

#hb55

HOUSE BILL NO. 53

"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; 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. 55

"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."

[10:34:51 AM](#)

CATHY MUÑOZ, COMMISSIONER, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, introduced herself. She relayed that many of her colleagues were in the room and online for questions.

Commissioner Muñoz introduced the PowerPoint presentation "FY2026 Department Budget Overview" dated February 11, 2025 (copy on file). She began on slide 2 and offered an overview of the reach of the Department of Labor and Workforce Development (DLWD) in the state. The board had a broad geographic footprint, spanning from Southeast Alaska to the Arctic. She noted that the department oversaw 14 job centers across the state. There was also a satellite site

that had recently reopened in Kotzebue that offered itinerant job services. Additionally, the department operated 11 offices within the Division of Vocational Rehabilitation (DVR). Under its broader organizational umbrella, the department also oversaw the Alaska Vocational Technical Center (AVTEC) in Seward, the Workers' Compensation Division (WCD), the Administrative Services Division (ASD), the Labor Standards and Safety Division (LSSD), and the Alaska Workforce Investment Board (AWIB). She reported that the department administered nine regional Technical and Vocational Education Program (TVEP) grants, 31 State Training and Employment Program (STEP) grantees, and 10 construction academies.

Commissioner Muñoz continued to slide 3 and explained that DLWD had recently opened the Office of Citizenship Assistance (OCA), which was a major milestone. The office had first been authorized in statute in 2006 but it had not become operational until recently. She indicated that a physical office had been established in Anchorage and staffing efforts were underway. She relayed that the department had made efforts to support legal immigrants by providing employment and training opportunities. The provided services included English as a second language referrals, credential translation, and other forms of employment assistance. She added that department had increased training support through its Job Center Network (JCN) and from FY 23 to FY 24, training support had increased 58 percent. She attributed the growth in part to a successful social media campaign targeting young workers between the ages of 18 and 30. As a result, there was a marked increase in the number of successful and industry-recognized certifications issued during that time period.

Commissioner Muñoz explained that the department had examined federal training funds administered through the JCN and reviewed income eligibility requirements, which had previously been highly restrictive. The department loosened the requirements and expanded access to training support. She noted that one-time funding through STEP had been used to further bolster training opportunities.

[10:39:16 AM](#)

Commissioner Muñoz shared that there were some recent collaborative projects with the Department of Education and Early Development (DEED). One of the initiatives was a

career guide project, which placed career guides in Fairbanks and Bethel to support rural schools in promoting career awareness and mapping out training pathways for students. Another recent collaboration with DEED involved a teacher apprenticeship program aimed at rural school districts. Some participants in the program were paraeducators who were able to work toward a bachelor's degree in education through on-the-job training and a paid apprenticeship model. She explained that the educators could then return to their home communities and find employment as qualified teachers.

Commissioner Muñoz added that there were additional efforts made through the Alaska Occupational Safety and Health (AKOSH) program. She shared that Alaska was one of 26 states that operated a state plan for the Occupational Safety and Health Administration (OSHA). The department had recently implemented a diversionary program that allowed businesses with either a first-time workplace violation or the first violation in five years to avoid financial penalties if the businesses agreed to work with the department's training staff to resolve safety issues. The collaborative initiative had already resulted in the waiver of over \$600,000 in penalties and had helped improve workplace safety.

Commissioner Muñoz relayed that the department had recently become a SkillBridge participant through a partnership with the U.S. Department of Defense (USDD). The program allowed DLWD to advertise state jobs on the USDD employment platform. If a transitioning service member applied for and secured employment, USDD would cover the first six months of wages during the transition out of active military service.

Co-Chair Josephson asked if SkillBridge was a new program.

Commissioner Muñoz responded that she was unsure how long the program had existed, but it was a new program for Alaska. She added that the department was also prepared to provide technical assistance to other employers interested in becoming SkillBridge participants.

Commissioner Muñoz continued that there were current efforts to improve the Certificate of Fitness process, which governed certification for electricians and plumbers in Alaska. She explained that the department was pursuing

improvements through various means and continued to support Alaskans using both state and federal training funds. The department was in the process of implementing changes through a regulatory package currently under development. She stated that the proposed changes would allow military service members to receive credit toward part of the required hours needed to sit for licensure examinations. The department was also pursuing expanded reciprocity agreements with other states. She relayed that Alaska already had reciprocal licensing agreements with approximately 13 states in the electrical field and the department aimed to broaden acceptance to include licenses from any state with comparable licensure standards. She projected that the expansion could allow Alaska to accept licenses from up to 40 other states, which would enable licensed professionals to relocate and work in Alaska more easily.

Commissioner Muñoz noted that there a provisional licensure measure that was adopted by the legislature during the previous session was also being implemented. The provision would enable individuals relocating to Alaska to work under a provisional license for one year while they completed the state's certification process.

[10:44:06 AM](#)

Representative Allard asked what the status of nurse compacts in Alaska was. She was concerned about limited progress, especially given the high number of military personnel in Alaska.

Commissioner Muñoz responded that nursing licensure did not fall under DLWD's jurisdiction. She clarified that the department oversaw the licensure of electricians and plumbers. She acknowledged that there was an active effort underway to pursue a multistate compact for nursing licensure, but she could not speak specifically to the status.

Representative Hannan noted that there were several items in the presentation that involved federal funds or federal grants, including the SkillBridge program and the reopening of the Kotzebue Job Center. She pointed out that DLWD was highly dependent on designated federal grants and asked whether the department had been affected by the recent U.S. Office of Management and Budget (OMB) memos directing

agencies to stop awarding funds associated with certain executive orders. She asked whether any programs had been paused or if the department had serious concerns about the continuation of grant funding into the next fiscal year.

Commissioner Muñoz responded that the department had conducted an analysis of the potential impacts of the federal memos on the grant programs and found that the impact was minimal. She deferred to her colleague from DLWD for more detail.

10:45:54 AM

DAN DEBARTOLO, ADMINISTRATIVE SERVICES DIRECTOR, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, explained that the department conducted a review of its federal grants following the issuance of the federal executive order regarding diversity, equity, and inclusion, (DEI). Many of the grants contained standard bullet point language that referenced DEI-related activities. The department consulted with its program directors to determine whether the referenced language would require the cessation of services. He relayed that the department had decided that its work fell within the scope of the executive order and that immediate suspension of services was not warranted. However, there was one specific grant administered through AWIB that had included equity-related coordination efforts and some of the activities were paused until further federal guidance could be issued. The response was temporary and cautious and the department was currently awaiting formal guidance, which it had been told to expect within 60 days.

Representative Hannan commented that she was enthusiastic about the SkillBridge program and she thought it was a promising initiative. She was concerned about the transition process for military personnel entering the civilian workforce. She asked whether there was any risk that individuals who were just beginning their six-month covered employment under the program might be cut off due to shifting federal guidance.

Mr. DeBartolo responded that the department did not currently anticipate that there would be disruptions. He explained that if stricter federal guidance was issued in the future, the department would notify the legislature accordingly.

Co-Chair Josephson asked whether the department had sought a legal opinion regarding the enforceability or implications of the federal executive orders or whether it had relied on the assumption that the federal government held the authority to revise or remove the requirements.

Mr. DeBartolo replied that since the executive orders in question applied to all executive branch departments, OMB had taken the lead in coordinating the response. He noted that OMB had requested information from departments regarding potential impacts. As a result, any formal legal analysis would be initiated by OMB as DLWD had not conducted its own internal legal review.

[10:48:54 AM](#)

Representative Galvin appreciated the department's January workforce publication, but the report focused primarily on job growth in sectors such as mining, seafood processing, and oil and gas. She asked how the department was addressing workforce needs in other sectors with large numbers of vacant positions, such as education and health care. She asked for more information about what actions were being taken to address labor shortages in critical sectors and if there was a plan to fill the positions.

Commissioner Muñoz asked for clarification that Representative Galvin was requesting specific information about certain sectors, such as education.

Representative Galvin responded in the affirmative.

Commissioner Muñoz responded that she was excited about the recently launched teacher apprenticeship program which was a significant development for the state. She explained that the initiative was the first time apprenticeship had been used in Alaska as a pathway into the teaching profession. The program was especially focused on rural schools and aimed to keep participants rooted in their home communities. She noted that paraeducators could receive on-the-job training while completing educational requirements through distance learning in partnership with the University of Alaska (UA). Participants were paid during training which allowed them to remain in their communities and contribute directly to their local schools. Broadly speaking, the state continued to see job growth in

construction, oil and gas, and health care. She referenced a recent article in the Anchorage Daily News (ADN) that highlighted the high demand for health care workers in Alaska.

Representative Galvin asked how many individuals were currently enrolled in the teacher apprenticeship program. She asked for more information about the department's strategies to ensure that more Alaskans were being trained for the jobs identified in workforce reports. She pointed out that 45 percent of oil and gas jobs in Alaska were currently held by non-residents and emphasized that these were high-paying jobs that Alaskan families would benefit from securing.

Commissioner Muñoz replied that the teacher apprenticeship program's initial cohort could accommodate up to 30 individuals. She asked Representative Galvin to repeat her second question.

Representative Galvin asked what the department was doing to ensure that individuals living in Alaska could get in-state jobs. She noted that there were many education jobs that were being filled through federal visa programs such as the J-3 visa. She asked what was being done to help Alaskans get the best jobs in the state.

Commissioner Muñoz responded that the solution began with education, training, and awareness. She explained that one of the department's key objectives was to raise awareness about available employment opportunities throughout the state. She noted that Alaska had a robust network of training providers extending across the state and one of her priorities was to visit every regional training provider in the state to gain a deeper understanding of the workforce landscape. The department needed to focus on connecting high school students with clear career pathways that could lead the students to well-paying jobs, many of which required specialized training. She assured the committee that the department was able to support the efforts.

[10:54:15 AM](#)

Representative Allard returned to the topic of DEI. She understood that DEI was based on sexual orientation and



race and asked how much federal funding the department had lost due to DEI-related issues.

Mr. DeBartolo responded that the department had not lost any federal funds connected to DEI. The state's drawdowns on the grants were uninterrupted and there had been no indication that funds would be immediately withheld. The department was trying to anticipate whether there would be a cessation of funds. There was concern amongst the states as departments awaited further guidance from the federal administration. He reiterated that further guidance on whether funds would be withheld was expected within 60 days.

Representative Allard asked what the total dollar amount of the funds was.

Mr. DeBartolo replied that he did not have the figures on hand but could follow up with the specific amount related to DLWD.

Representative Allard asked for clarification that Mr. DeBartolo did not have the number.

Mr. DeBartolo responded that he did not know the amount of funds that might be at risk.

Representative Allard asked whether the grant funds were used specifically for job training or were instead used in consideration for hiring decisions.

Mr. DeBartolo responded that each federal grant administered by the department had a clearly defined purpose and constituency. The purpose was explicitly spelled out in the language of each grant. He explained that some grants served youth or at-risk youth, while others were targeted toward military members transitioning into civilian life. He reiterated that the purpose and permitted use of funds were defined in the language of each grant.

Representative Allard asked whether any of the grants were used in ways that directly supported individuals based on sexual orientation or race. She asked whether military members were considered part of the DEI network. She understood that military members were not included.

Mr. DeBartolo clarified that he was not suggesting military members were part of any DEI network. He relayed that he was not sure what Representative Allard was referring to when she spoke of a DEI network. He emphasized that the department's programs were governed by the terms and conditions of each individual grant and that hiring decisions were not made based on sexual preference or race. He explained that all hiring decisions followed Alaska's equal opportunity laws. The responsibility for ensuring compliance with each grant's requirements and following the language of the grant rested with individual program directors.

[10:57:57 AM](#)

Mr. DeBartolo continued on slide 4 and detailed the organization and mission delivery of the department. He explained that DLWD's mission was to provide all Alaskans with safe and legal working conditions and opportunities for employment. He relayed that the department's organizational structure consisted of six major divisions.

Mr. DeBartolo explained that the Commissioner's Office and ASD, shown in green on the slide, was contained under the department's Leadership and Support category and accounted for approximately 11 percent of the total departmental budget. The next two divisions were Workers' Compensation and Labor Standards and Safety, which fell under the department's Protect Workers category. The two divisions were shown in orange on the slide and represented 15 percent of the overall budget. The Income Replacement category was highlighted in purple and was allocated 17.9 percent of the budget. The category included key services such as unemployment insurance and disability determinations, which were administered through Employment and Training Services and Vocational Rehabilitation. The two divisions supported the department's core mission of workforce development, alongside AWIB and AVTEC. The Workforce Development category was shown in blue on the slide and represented more than half of the department's total budget.

Representative Hannan had recalled hearing that the Income Replacement category accounted for 21 percent of the budget, but the slide stated that it was 17.9 percent. She asked which was correct.

Mr. DeBartolo responded that the correct figure was 17.9 percent.

Mr. DeBartolo moved to slide 5, which included a graph of the past ten fiscal years of the department's authorized operating budget. He noted that the department's total budget had only recently returned to the level it held in FY 15. He attributed the increase to the reauthorization of TVEP in the previous year. As part of that reauthorization, allocation amounts to specified recipients had increased, which had resulted in a noticeable jump in designated general funds (DGF) between FY 24 and FY 25. He emphasized that the increase allowed more training funds to be made available to the department's grant recipients.

Mr. DeBartolo explained that the most significant reductions in unrestricted general funds (UGF) had occurred between FY 15 and FY 19, during which approximately \$12.5 million in state funding had been eliminated. The department was currently operating with \$10.8 million less in UGF and \$1.5 million less in federal authorization than it had been a decade earlier. He stressed that the department had demonstrated strong fiscal stewardship over both state and federal resources considering the rising costs for goods, services, and personnel.

Representative Galvin asked for more information about the reasoning for the decline in federal funding between FY 15 and FY 19. She asked whether the subsequent increase beginning in FY 20 was related to a change in administration or driven by other factors.

Mr. DeBartolo responded that federal authorization had historically fluctuated due to various factors. He explained that one of the primary drivers of change had been the Division of Employment and Training Services (DETS). At times, programs were established temporarily in response to immediate needs, resulting in short-lived increases in funding. as the temporary programs phased out, federal support decreased. He noted that the department made efforts to adjust authorization levels annually. The department maintained sufficient overhead to sustain essential services while recognizing that not all funds were guaranteed to be received.

[11:02:50 AM](#)

Mr. DeBartolo continued on slide 6 and relayed that since the department was conducting a ten-year review of its budget, it was logical to also examine a year-by-year change in position counts to highlight the overall downward trend in staffing. He relayed that the department reached its lowest staffing levels in FY 20 and the total full-time position count had declined by 129 over the past decade.

Mr. DeBartolo reported that for the current fiscal year, the department had budgeted for 680 permanent full-time positions, 43 permanent part-time positions, and 21 temporary or non-permanent positions, including interns. As of December 31, 2024, 570 of the positions were filled.

Representative Hannan asked for confirmation of the current filled position count.

Mr. DeBartolo responded that 570 of the FY 25 budgeted positions were filled as of the end of the 2024 calendar year.

Co-Chair Josephson asked Commissioner Muñoz whether the department was actively recruiting in order to fulfill its full staffing capacity and achieve its mission.

Commissioner Muñoz responded that some of the positions included in the department's totals were what she referred to as "temporary permanent" roles that could be brought back during periods of high demand. She gave the example of the unemployment insurance program during the COVID-19 pandemic, when additional staff were hired to manage the volume of claims. The positions still technically existed in the department, but the positions were currently vacant and not necessary. She explained that active recruitment was underway in other areas. For example, the department was hiring for positions in job centers and for two roles in OCA. She added that ASD also had ongoing recruitments, though she deferred to Mr. DeBartolo to provide further detail.

Mr. DeBartolo confirmed there was at least one open position in ASD.

[11:05:32 AM](#)

Mr. DeBartolo continued to slide 7. He explained that the next six slides would outline the proposed FY 26 funding

splits by division, along with budgeted position counts. He began with the Commissioner's Office and ASD, which housed the department's largest board and oversaw key policy functions, financial functions, human resources, technology, and research functions.

Mr. DeBartolo highlighted the work of the research and analysis section, which provided labor market information and published a report called Alaska Economic Trends. Over the past year, the team had published 26 articles across 12 monthly issues. The publication had grown to 7,000 digital subscribers and received over 100,000 page views. He encouraged members to read the latest issue.

Mr. DeBartolo continued to discuss AWIB, which was responsible for many of the department's grant programs. He explained that over the last five years, STEP had averaged 30 grantees annually and served over 3,000 participants. In FY 25, the department focused on leveraging established training partnerships and approved grant requests to expand the reach. As a result, the program had already served 4,175 participants, surpassing the five-year average. The department anticipated a 61 percent increase in STEP participants by the end of the fiscal year.

Representative Hannon asked whether the department could provide research data to the legislature if it was requested. She was interested in the comparison between public employees' wages to private sector wages.

Mr. DeBartolo responded that the department was waiting to provide the necessary information to the legislature due to the ongoing salary study that was being conducted by the Department of Administration (DOA). He clarified that all research requests would be prioritized based on the nature of the request, whether from the legislature, private stakeholders, or other departments. He explained that DLWD would communicate its capacity and anticipated time frame for fulfilling such requests.

Representative Hannan asked if DLWD had been asked to provide data to the contractor of the salary study.

Mr. DeBartolo responded that the department had not been involved in providing data for that study. The study had been managed solely by DOA.

Representative Galvin asked what the typical duration of a salary study was.

Mr. DeBartolo responded that the details of the salary study were outside his expertise. He relayed that a classification study, which was a different process, would typically take about three months. He added that the purpose of a classification study was not to assign new salary ranges but to ensure that job classifications aligned with the type of work being done.

Representative Galvin asked if a study would be outdated if it took three months. She was concerned that the data would no longer be relevant if the study took too long.

Mr. DeBartolo responded that the aging data was a concern, but he could not provide a definitive answer as he was not an economist.

[11:10:56 AM](#)

Mr. DeBartolo continued that the funds for OCA first became available in July of 2024. He noted that much of the department's efforts had been directed toward building out a physical space for the office, which involved tasks such as constructing walls, setting up furniture, and ensuring the space was properly wired. The office was completed at the end of 2024 and hiring for positions was now actively underway.

Mr. DeBartolo continued to slide 8 and WCD, which ensured the fair and efficient delivery of benefits to workers. He relayed that benefits included indemnity, medical, and vocational rehabilitation benefits, and the goal of the division was to help workers return to work at a reasonable cost to employers. The division was primarily funded by DGF collected from a 2.5 percent fee on workers' compensation insurance premiums in Alaska. Additionally, the division paid benefits from several funds, including the Workers' Compensation Benefit Guarantee Fund, the Second Injury Fund, and the Fishermen's Fund. He shared that the division had restructured some divisional positions, which allowed the Special Investigation Unit (SIU) to add a new technician. The restructuring had led to positive results for the division. Employers were now notified more quickly if their insurance policy had lapsed and the SIU had increased the output of investigations by moving the

research function to the technician position, which allowed the investigators to concentrate on other issues like fraud leads.

Co-Chair Josephson asked if WCD would be the appropriate division for complaints involving alleged misclassification of workers. He provided an example in which a general contractor was said to have listed individuals who functioned as employees as independent contractors. He asked if such complaints regarding workers' compensation would be directed to the division.

Mr. DeBartolo responded that such complaints were often received through both WCD and LSSD. He explained that there were times when a case might be more appropriately handled by one over the other.

Commissioner Munoz Commissioner Munoz added that part of the analysis would be determining whether an entity was an independent contractor or if it was an employee-employer situation. She confirmed that classification was a core component of the analysis.

[11:14:33 AM](#)

Mr. DeBartolo continued to slide 9 and provided an overview of LSSD. He explained that the division was responsible for ensuring safe and legal working conditions across Alaska. The primary functions of the division included wage and hour investigations, mechanical inspections of equipment such as elevators, boilers, and electrical systems, and consultation and enforcement efforts related to occupational safety and health. He noted that the division's operations had been funded largely by DGF, with additional support from federal funding and a state general fund match.

Co-Chair Josephson asked for more information on Executive Order (EO) 135, which appeared on the slide.

Mr. DeBartolo replied that EO 135 had pertained to what had previously been the Alaska Safety Advisory Council (ASAC). The EO had passed the previous year and had restructured the council and renamed it the Alaska Safety Advisory Program (ASAP).

Representative Hannan asked for more information about inspector positions within the department. She asked if plumbing and electrical inspectors had been part of LSSD, and whether the positions were currently filled. She acknowledged that the department had faced challenges in recruitment over the last few fiscal years. She asked for more information on the current status of the inspection roles.

Mr. DeBartolo responded that during a recent budget subcommittee meeting, LSSD Director Tanya Keith had reported a small number of unfilled positions. He suggested that Ms. Keith provide more specific details.

TANYA KEITH, DIRECTOR, LABOR STANDARDS AND SAFETY DIVISION, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT (via teleconference), confirmed that the department currently had one electrical inspector and one plumbing inspector position open.

Representative Hannan asked where the positions were located.

Ms. Keith replied that one position was located in Anchorage and the other was in Fairbanks.

Mr. DeBartolo advanced to slide 10 and offered an overview of DETS. He explained that DETS had partnered with businesses and industries across the state to build a trained and prepared workforce. The improvements had been achieved through the provision of labor exchange services, employment and training programs, and unemployment insurance support to both individual Alaskans and employers. He relayed that DETS was the department's largest division, with the majority of its operational funding provided by the federal government. He noted that the division's responsibilities had primarily been organized into workforce services and development and unemployment insurance.

Mr. DeBartolo continued on slide 11 and discussed the Division of Vocational Rehabilitation (DVR). Each year, DVR helped hundreds of Alaskans with disabilities prepare for, obtain, and retain meaningful employment. He explained that if Alaskans with disabilities wanted to work or continue working and experienced physical, intellectual, or medical conditions that made doing so difficult, they might be



eligible for DVR services. He noted that DVR also operated the Mature Alaskans Seeking Skills and Training (MAST) program, which provided employment assistance or skills training to Alaskans aged 55 and older. He noted that DVR was primarily funded by federal dollars, while the majority of state UGF served as matching funds.

Mr. DeBartolo proceeded to slide 12, which covered AVTEC. He relayed that AVTEC was located in Seward and was the department's only 24-7 training facility. He stated that AVTEC's mission was to deliver flexible, accessible, and affordable workforce training that responded to the dynamic needs of business and industry while serving Alaska's diverse communities. He explained that AVTEC's funding came from a balanced mix of tuition and fees, UGF, and DGF through TVEP.

[11:19:40 AM](#)

Mr. DeBartolo moved to slide 13 which detailed the department's operating budget trends from FY 24 to FY 26. He noted that he would discuss the specific proposed changes on the following slide but highlighted a few key points. He explained that the decrease in UGF from FY 24 had resulted from the expiration of one-time multiyear training funds that had originally been authorized in FY 23. He noted that the increase in DGF was largely tied to TVEP. He explained that DLWD used the third fewest UGF dollars among state departments and that approximately half of its total budget came from federal sources.

Co-Chair Josephson asked for clarification about the one-time multiyear training program that had expired.

Mr. DeBartolo responded that in FY 23, the department had received \$7.4 million in UGF that had been made available across both FY 23 and FY 24. The funding had been used to expand training opportunities through AWIB, with a significant portion allocated to DETS for direct services to individuals. He noted that the department had successfully utilized nearly the entire allotment.

Co-Chair Josephson asked if the funds had come from a federal grant.

Mr. DeBartolo responded that the funding had been state UGF dollars. He stated that the appropriation had been part of

the governor's initial budget proposal and had received legislative approval.

Mr. DeBartolo moved to slide 14 and detailed the department's current budget requests. He began with the first item, which involved moving the TVEP funding into the language section of the budget. He explained that the department's revenue projections for TVEP were conducted multiple times per year by the unemployment insurance trust actuary. By including the funding in the language section, the department could more easily and quickly request an increase in authority through OMB if revenues were to rise midyear. The inclusion would also allow the department to more easily and efficiently allocate funds without needing to return to the legislature for additional authority.

Mr. DeBartolo addressed items two, three, and four on the slide, which included requests related to Workers' Compensation, Mechanical Inspection, and ASAP. He stated that the requests had stemmed from changes approved at the end of the previous legislative session that ultimately had not made it into the final enacted budget. He explained that the Stay-at-Work Program and the Certificate of Fitness Program had missed inclusion during the conference committee process despite fiscal notes having been prepared. The funding request for ASAP was connected to the implementation of EO 135, which he had already discussed. He stated that the budget increment requested for the program was intended to fund two full-time positions that would support the program in its entirety. Historically, the program had relied on volunteers throughout Alaska. However, the volunteers had been able to carry out only a limited scope of responsibilities. Through the executive order, the department aimed to bring all functions of the former ASAC in-house to ensure consistent oversight and support moving forward.

Mr. DeBartolo continued to the next item related to workforce services. He noted that during the previous year, the department had been granted \$2.4 million in federal authority in anticipation of a partnership under the Infrastructure Investment and Jobs Act (IIJA) with the Department of Transportation and Public Facilities (DOT). Over the summer of 2024, DOT informed DLWD that there were far less funds than were initially anticipated. As a result, funding had to be prioritized and the proposed partnership had not materialized. The department was

requesting to reverse the \$2.4 million in federal authority as it was no longer needed.

Mr. DeBartolo continued by discussing the next item, which was a \$2.15 million reduction in federal pandemic receipt authority that was part of a routine budget cleanup. The pandemic-related funds had diminished over time and the department had gradually stepped down the authority to reflect current needs.

[11:24:53 AM](#)

Mr. DeBartolo continued to slide 15 which concerned an increment for expanding Alaska's electrical and plumbing workforce. He acknowledged that Representative Hannan had asked about the initiative during a previous meeting. He explained that AVTEC would expand its capacity to offer more plumbing classes and grow the industrial electrical program from 15 seats to 30 seats.

Mr. DeBartolo stated that AVTEC had the capacity and space to offer more plumbing classes immediately. The goal for the industrial electrical program was to accommodate more students each year and address the recurring waitlist. He emphasized that increasing the number of trained electricians was a workforce priority and that the expanded program would help meet the goal.

Mr. DeBartolo moved to slide 16 and described the current industrial electrical lab setup, which included large industrial electrical panels used by 15 students. The plan was to double the lab space by building out the other half of the facility. The supplemental request would primarily be used for new equipment at a cost of approximately \$660,000 and an additional \$85,000 for shipping the materials to Seward due to the size and weight of the items. The remaining \$91,200 would fund an adjunct instructor to set up the lab and prepare the space ahead of the fall semester. The total cost of the request was \$888,000 in UGF.

Mr. DeBartolo explained that the corresponding FY 26 increment would fund the ongoing position of a second full-time instructor for the expanded industrial electrical program. He acknowledged that enrollment might not reach full capacity immediately but emphasized the importance of

having the necessary resources and infrastructure in place to support the ramp-up of the program.

Representative Hannan noted that the FY 26 capital budget request was a one-time expenditure, while the ongoing increment to support the expanded program would add \$182,000 annually to the DLWD's base budget if adopted. She asked if her understanding was correct.

Mr. DeBartolo responded that the FY 25 supplemental was a one-time request to procure and install the necessary equipment and to bring on an adjunct instructor to help prepare for the expanded instructional program. He emphasized that the funds would not be needed on an ongoing basis. The FY 26 increment would instead cover the salary and related administrative overhead for the new full-time instructor.

Representative Hannan noted that Mr. DeBartolo had used the term "supplemental," but the request also appeared in the capital budget. She understood that the total cost was just over \$1 million and asked for confirmation that the amount would not be added to the department's base budget permanently. She reiterated her understanding that only \$182,000 of the request was ongoing.

Mr. DeBartolo responded in the affirmative. He clarified that the over \$1 million expense would not be added to the base.

[11:28:39 AM](#)

Co-Chair Josephson expressed that he had lingering concerns that could be addressed offline regarding expiring programs, including one of the governor's own initiatives. He expressed hope that the programs had been sufficiently resourced. He understood that Alaska did not offer unemployment benefits as generously as other states. Instead, the state seemed to invest more heavily in retraining and workforce development programs funded by the unemployment insurance tax. He wondered whether Alaska's weekly unemployment compensation was low relative to other states, and if the state had instead taken a policy approach favoring reinvestment in workforce services.

Commissioner Muñoz replied that she would not use the term "instead." She clarified that the training portion was

supported by the employee's contribution, which came from a portion of the 0.5 payroll tax. Most businesses paid a 1 percent tax on wages and the resulting funds were directed to the Unemployment Insurance Trust Fund, which covered benefits for individuals who were temporarily out of work. The trust fund balance currently stood at approximately \$740 million and was overcapitalized in relation to the state's present need. Even during high-demand periods such as the pandemic, the fund remained solvent. The fund dipped to \$250 million at its lowest point during the pandemic. She noted that the fund was structured to rebuild quickly and respond flexibly to economic conditions. She added that Alaska had been one of the few states to maintain a solvent trust fund throughout the pandemic.

Co-Chair Josephson commented that the information was good to hear. He remained concerned about the relatively low maximum unemployment benefit of reportedly around \$350 per week and asked how someone could live on that amount. He acknowledged that the topic could be revisited at another time.

HB 53 was HEARD and HELD in committee for further consideration.

HB 55 was HEARD and HELD in committee for further consideration.

Co-Chair Josephson reviewed the agenda for the afternoon's meeting.

#

ADJOURNMENT

[11:31:57 AM](#)

The meeting was adjourned at 11:31 a.m.