

HOUSE FINANCE COMMITTEE
March 6, 2025
1:33 p.m.

1:33:30 PM

CALL TO ORDER

Co-Chair Josephson called the House Finance Committee meeting to order at 1:33 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Andy Josephson, Co-Chair
Representative Calvin Schrage, 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

None

ALSO PRESENT

Alexander Shroeder, Staff, Representative Andy Josephson; Erin Page, Staff, Representative Andy Josephson; Caroline Hamp, Staff, Representative Calvin Schrage; Valerie Rose, Fiscal Analyst, Legislative Finance Division; Rob Carpenter, Fiscal Analyst, Legislative Finance Division; Alexei Painter, Director, Legislative Finance Division; Lisa Keller, Staff, Representative Alyse Galvin; Michael Partlow, Fiscal Analyst, Legislative Finance Division; Rachael Gunn, Staff, Representative Nellie Jimmie.

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.

SUBCOMMITTEE CLOSEOUT REPORTS:

DEPARTMENT OF LAW
DEPARTMENT OF FAMILY AND COMMUNITY SERVICES
DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
DEPARTMENT OF ADMINISTRATION
DEPARTMENT OF NATURAL RESOURCES
UNIVERSITY OF ALASKA
JUDICIARY

Co-Chair Josephson reviewed the meeting agenda.

#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."

[1:34:09 PM](#)

^SUBCOMMITTEE CLOSEOUT REPORTS

[1:34:44 PM](#)

^DEPARTMENT OF LAW

ALEXANDER SHROEDER, STAFF, REPRESENTATIVE ANDY JOSEPHSON, reviewed the finance subcommittee recommendations for the Department of Law (DOL) (copy on file):

The House Finance Budget Subcommittee for the Department of Law held a total of four meetings and submits the following recommended operating budget for FY26 to the House Finance Committee:

RECOMMENDATIONS:

Fund Source: (dollars are in thousands)

| | |
|----------------------------------|-------------|
| Unrestricted General Funds (UGF) | \$84,799.1 |
| Designated General Funds (DGF) | \$3,016.8 |
| Other Funds | \$42,482.1 |
| Federal Funds | \$2,452.3 |
| Total | \$132,750.3 |

Compared to the FY26 Governor's Amended budget, the Subcommittee recommendations represent a decrease of -\$500.0 (-0.6%) in Unrestricted General Funds, for a total of -\$500.0 (-0.4%) in all funds.

Positions:

| | |
|---------------------|-----|
| Permanent Full-Time | 611 |
| Permanent Part-Time | 0 |
| Temporary | 29 |
| Total | 640 |

BUDGET ACTIONS

The subcommittee only addressed the Governor's items as no other items were proposed.

The subcommittee adopted all the Governor's proposed Budget Action items except

- Item 5: Continued Statehood Defense Efforts Across Multiple Agencies Supporting Alaska's Statehood Sovereignty (FY26-FY27)

The department will already receive \$500.0 from a temporary increment in the base budget (FY25-FY27). Furthermore, \$3,700.0 in previously appropriated statehood defense monies are unspent. The department testified that statehood defense costs the state an estimated \$2,000.0 - \$3,000.0 per year (since FY22) on

average. Therefore, the subcommittee was not convinced that the department required another \$1 million over the next two fiscal years.

Highlights- Approved Budget Action Items

- Criminal Division
 - Funded 5 new Permanent Full-Time positions to reduce increased caseloads to manageable levels (\$1,194.1 UGF)
 - Funded an Attorney 5 position dedicated to complex "Brady Case" disclosures (\$279.9 UGF)
 - Funded an Attorney 5 position and a Law Office Assistant position for post-conviction relief cases (\$387.3 UGF)
- Civil Division
 - Approved the transfer in of funding for Labor Relations Analysts from the Department of Administration in conjunction with the Governor's Administrative Order 356
 - Funded an Attorney 5 position to assist with labor relations work (\$279.9 UGF)

SUBCOMMITTEE AMENDMENTS

The Chair set an amendment deadline, welcomed amendments from all members, and the subcommittee received no amendments.

ATTACHED REPORTS

The House Finance Budget Subcommittee for the Department of Law adopted the attached reports:

- LAW Agency Totals
- LAW Transaction Compare: Adjusted Base+ to House Subcom
- LAW Transaction Compare: GovAmend to House Subcom

[1:39:07 PM](#)

^DEPARTMENT OF FAMILY AND COMMUNITY SERVICES

[1:39:33 PM](#)

ERIN PAGE, STAFF, REPRESENTATIVE ANDY JOSEPHSON, reviewed the finance subcommittee recommendations for the Department of Family and Community Services (DFCS) (copy on file):

The House Finance Budget Subcommittee for the Department of Family & Community Services held three meetings to receive five department and division budget presentations and discuss the Governor's proposed and amended operating budget. Based on those considerations, the Subcommittee made no changes to the items in the Governor's proposed operating budget and added one item. The Subcommittee submits the following recommended operating budget for FY2026 to the House Finance Committee:

RECOMMENDATIONS

Fund Source (dollars are in thousands)

| | |
|----------------------------------|-------------|
| Unrestricted General Funds (UGF) | \$273,553.4 |
| Designated General Funds (DGF) | \$30,743.6 |
| Other Funds | \$104,621.9 |
| Federal Funds | \$86,394.4 |
| Total | \$132,750.3 |

Compared to the FY26 Adjusted Base, the Subcommittee recommendation represents an increase in Unrestricted General Funds of \$4,444.0 (1.7%) from the Governor's items and \$5,500.0 (2.1%) from the Subcommittee's item. The total increase in UGF is \$9,944.0 (3.8%). For other funding sources, the Subcommittee recommendation reflects no change in Designated General Funds, a decrease of \$2,871.4 (-2.7%) in Other funds, and no change in Federal funds. The increase across all fund sources is \$7,072.6 (1.4%).

Positions

| | |
|---------------------------|------|
| Permanent Full-Time (PFT) | 1870 |
| Permanent Part-Time (PPT) | 6 |
| Temporary | 69 |
| Total | 1945 |

Compared to the FY26 Adjusted Base, the Subcommittee recommendations represent no change in the number of positions in any category (Permanent Full Time, Permanent Part Time, and temporary) within the Department.

BUDGET ACTION

The Subcommittee members reviewed the Governor's proposed transactions in detail. After consideration, the subcommittee made no changes to those transactions. The subcommittee added one new transaction.

That transaction is:

- \$5,500.0 General Fund Increment to the Office of Children's Services, Family Preservation allocation, to replace lost Federal funding for Children's Advocacy Centers.

SUBCOMMITTEE AMENDMENTS

The Chair set an amendment deadline and welcomed amendments from all members. Twelve amendments were received. No amendments were adopted by the Subcommittee.

ATTACHED REPORTS

The House Finance Budget Subcommittee for the Department of Family & Community Services adopted the attached Budget Action Report for the Department of Family & Community Services. This report incorporates agency totals, transaction comparisons for the FY26 Adjusted Base to the House Subcommittee Proposal, and transaction comparisons for the FY26 Governor's Amended Proposal to the House Subcommittee Proposal.

[1:43:18 PM](#)

Representative Allard asked about the \$5,500,000 general fund increment for the Office of Children's Services on page 2 of the report. She noted that the federal government had paused federal funds and asked if the increment was for non-profits.

Ms. Page responded in the affirmative.

Representative Allard asked if she could be provided with a list of the non-profits.

Ms. Page responded that she would follow up with the information. She noted that there was a list on the Department of Health's (DOH) website.

[1:43:59 PM](#)

^DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

CAROLINE HAMP, STAFF, REPRESENTATIVE CALVIN SCHRAGE, reviewed the finance subcommittee recommendations for the Department of Labor and Workforce Development (DLWD) (copy on file):

The House Finance budget subcommittee for the Department of Labor and Workforce Development recommends the following Fiscal Year 2026 budget:

Subcommittee Recommendations (Numbers Section Only):

Fund Source: (dollars are in thousands)

| | |
|----------------------------------|-------------|
| Unrestricted General Funds (UGF) | \$23,148.6 |
| Designated General Funds (DGF) | \$32,795.7 |
| Other Funds | \$17,793.9 |
| Federal Funds | \$17,793.9 |
| Total | \$166,358.6 |

Positions:

| | |
|---------------------|-----|
| Permanent Full-Time | 683 |
| Permanent Part-Time | 40 |
| Temporary | 16 |
| Total | 739 |

Compared to the FY26 adjusted based, the subcommittee recommendations represent an increase of \$366.5 (or 1.6%) in Unrestricted General Funds, a decrement of \$15,852.2 (-32.6%) in Designated General Funds, a decrement of \$2,547.1 (-12.5%) in Other Funds, and a decrement of \$2,150.0 (-2.3%) in Federal Funds. The primary change reflected in the DGF decrement is from moving the Technical and Vocational Education Program (TVEP) appropriation to the Language Section.

Budget Actions:

The House Finance budget subcommittee for the Department of Labor and Workforce Development held three informational meetings with the Department and one-close-out meeting during the review of the FY2026 budget request.

After reviewing and discussing each of the Governor's proposed budget changes, the subcommittee adopted all but one budget item. The subcommittee voted to deny

the Governor's proposed increase of \$290.4 UGF for the Alaska Safety Advisor Program (ASAP).

Some highlights of the accepted budget items are:

- Adding one Alaska Vocational Technical Center (AVTEC) instructor to expand Industrial Electrical Program.
- Resolving last year's fiscal notes for the Workers' Compensation Stay-at-Work legislation (Senate Bill 206) and Plumbers and Electricians Certificate of Fitness legislation (Senate Bill 204).

Subcommittee Amendments:

The Chair set an amendment deadline, welcomed amendments from all members, and received zero amendments.

Attached Reports:

The Finance Budget Subcommittee for the Department of Labor and Workforce Development (DOLWD) adopted the BA Report and corresponding Legislative Finance Division documents, which are attached.

[1:46:54 PM](#)

Representative Stapp understood that a single position had been removed from the Alaska Safety Advisory Program (ASAP). He asked why the position was removed.

Ms. Hamp responded that there was a proposal from the governor to change the Alaska Safety Advisory Council (ASAC) to ASAP, which would have added an additional position. However, volunteers for the council had already been performing the necessary work. As a result, the department retained the statutory designated program receipts so the program could continue its work using volunteers.

Representative Johnson asked for clarification on whether the change was a true budget cut or simply a reduction in receipt authority. She understood that the positions were funded with interagency receipts in FY 25, but had been reclassified. She understood that the receipt authority allowed the state to collect money from sponsors and

vendors at a conference in exchange for booth space. She asked whether the department would still be able to collect the receipts.

Ms. Hamp responded that the department had retained \$281,600 in statutory designated program receipts. However, the position and the unrestricted general funds (UGF) associated with it were not retained, which resulted in a cut to the budget.

Co-Chair Josephson asked if there were any further questions for Ms. Hamp.

Representative Johnson asked if there were positions that had been eliminated as part of the cut.

Ms. Hamp confirmed that there was one cut position in the subcommittee's recommended budget.

Representative Johnson understood that Executive Order (EO) 135 was the reason for the cut. She asked for a reminder of the details of the EO.

Ms. Hamp replied that EO 135 had transferred the responsibilities of ASAC and created ASAP. She stated that she could follow up with additional information.

Representative Johnson asked whether the eliminated position was either the electrical inspector or the safety inspection and compliance electrical inspector.

Ms. Hamp asked for clarification on what Representative Johnson was referring to.

Representative Johnson clarified that she was trying to understand what precisely was being cut.

Co-Chair Josephson suggested that it might be helpful to hear from the Legislative Finance Division (LFD).

[1:51:13 PM](#)

VALERIE ROSE, FISCAL ANALYST, LEGISLATIVE FINANCE DIVISION, responded that EO 135 had been introduced and approved by the legislature the previous year and transferred the authority and activity of ASAC to DLWD as ASAP. The governor submitted a request for UGF for FY 26 but he did

not submit a monetary request for FY 25, which was when the transfer occurred. She clarified that that subcommittee chose not to approve the request.

Ms. Rose stated that two positions associated with ASAP were transferred from within the department. She recalled that the positions were electrical inspectors and were formerly vacant. The positions were supported by interagency receipt authority in FY 25. However, the receipts might be considered uncollectible because there was no funding source for the receipts. The department had indicated that it intended to reclassify the positions to roles appropriate for supporting the new program. She added that the FY 26 budget included a request from the governor to delete the interagency receipt authority, and the subcommittee had accepted the item.

Representative Johnson asked if there were any other cuts to the budget.

Ms. Rose replied in the negative.

Representative Johnson asked whether the change affected the conference revenue.

Ms. Rose responded that it did not. She confirmed that the statutory designated program receipts remained in place and would still support the conference.

Representative Johnson asked for confirmation that the positions were transferred because they were not needed.

Ms. Rose replied that the two positions already existed in the department but had been vacant for a long time. When the responsibilities of the council were transferred to the department, the positions were reassigned.

[1:54:20 PM](#)

Representative Stapp asked for confirmation that the two positions were unfunded.

Ms. Rose responded that the two positions were supported by interagency receipt authority in FY 25. Throughout FY 25, the department had indicated that it was working to reclassify the positions in a way that would support the program, but the funding that had been previously

associated with the positions was not allowed to be used for the purposes of the program. As a result, the department utilized interagency receipt authority as the selected funding mechanism for the positions. She relayed that there was no viable funding source for the receipts. The governor had requested to delete the receipt authority in FY 26, which the subcommittee had accepted.

^DEPARTMENT OF ADMINISTRATION

[1:55:35 PM](#)

Ms. Hamp reviewed the finance subcommittee recommendations for the Department of Administration (DOA) (copy on file):

The House Finance budget subcommittee for the Department of Administration recommends the following budget proposal for consideration of the House Finance Committee:

Subcommittee Recommendations (Numbers Section Only):

Fund Source: (dollars are in thousands)

| | |
|----------------------------------|-------------|
| Unrestricted General Funds (UGF) | \$96,265.9 |
| Designated General Funds (DGF) | \$34,367.8 |
| Other Funds | \$203,445.3 |
| Federal Funds | \$1,287.1 |
| Total | \$335,366.1 |

Positions:

| | |
|---------------------|-------|
| Permanent Full-Time | 1,200 |
| Permanent Part-Time | 4 |
| Temporary | 26 |
| Total | 1,230 |

Compared to the FY26 Adjusted Base budget, the subcommittee recommendations represent an increase of \$1,246.3 (1.3%) in Unrestricted General Funds, an increase of \$152.5 (0.4%) in Designated General Funds, an increase of \$851.2 (0.4%) in Other Funds, and no change in Federal Funds. The percentage difference from the Governor's proposed budget to the subcommittee recommendation is 0.1%.

Budget Action:

The House Finance budget subcommittee for the Department of Administration held five informational meetings with the Department and one close-out meeting. The subcommittee adopted the BA Report, which included multiple proposals from the Governor, a few of which are detailed below:

- Transferring Labor Relations to the Department of Law and the Office of the Governor in accordance with Administrative Order 356, costing \$175.8 UGF and \$805.6 UGF, respectively
- Rising software and contract costs in the Office of Information Technology, costing \$529.0 Info Services Fund
- Funding overtime eligibility for Guardian ad Litem and Public Guardian positions working on Child in Need of Aid casework, costing \$450.0 UGF
- Adding 4 positions at the Office of Public Advocacy for a total \$605.1 in various fund sources

The BA report also included four deviations from the Governor's proposed budget:

- Adding a Tech 2 position to the Division of Retirement and Benefits, costing \$93.6 in various fund sources
- Adding Public Radio Funding for emergency communications at rural stations for \$1,200.0 UGF
- Removing funding for two allocations related to AI tools and projects, costing \$732.7 UGF and \$360.0 UGF, respectively.

Subcommittee Amendments:

The Chair set an amendment deadline, welcomed amendments from all members, and received zero amendments.

Attached Reports:

The House Finance budget subcommittee for the Department of Administration (DOA) adopted the attached BA Report.

[1:58:49 PM](#)

Representative Stapp remarked that the use of fund sources for the centralized retirement technician position was

clever. He asked if the state could hire individuals using Public Employees' Retirement System (PERS) trust funds.

Ms. Hamp suggested that LFD could respond to the question.

ROB CARPENTER, LEGISLATIVE FISCAL ANALYST, LEGISLATIVE FINANCE DIVISION, explained that the entire Division of Retirement and Benefits (DRB) was essentially funded through the retirement system trust accounts. He clarified that the funding was proportionally distributed across the fund sources.

Representative Stapp asked for an explanation of the group benefit, the Federal Insurance Contributions Act (FICA) account, PERS, and the Teachers' Retirement System (TRS) sources. He also asked whether permission from the Alaska Retirement Management Board (ARMB) was required in order to use the funds.

Mr. Carpenter responded that ARMB did not necessarily approve the budget, as that responsibility fell under the purview of the legislature.

Representative Johnson asked if the public radio emergency funding item had been requested by the department or if it was included for another reason. She inquired if the funding was related to efforts to fix a broken element within emergency services.

Ms. Hamp responded that the subcommittee had added the item to the report at the request of Representative Ashley Carrick.

Representative Johnson asked for confirmation that there was no additional backup information.

Ms. Hamp confirmed that there was not.

Representative Johnson noted that she understood the reason for funding public radio. She stated that she was simply trying to determine whether there was an emergency services issue the legislature was attempting to address.

Representative Stapp understood that funding for public radio was a recurring budget item that was included in the budget every year and was vetoed every year. He understood that another item that was removed by the subcommittee was

funding Microsoft Co-Pilot. He asked why the subcommittee deemed the program an unworthy expense.

Ms. Hamp responded that her understanding was that the subcommittee preferred to allocate the funds toward human resources rather than artificial intelligence (AI) tools.

[2:02:58 PM](#)

^DEPARTMENT OF NATURAL RESOURCES

Ms. Hamp reviewed the finance subcommittee recommendations for the Department of Natural Resources (DNR) (copy on file):

The House Finance budget subcommittee for the Department of Natural Resources recommends the following Fiscal Year 2026 budget:

Subcommittee Recommendations (Numbers Section Only):

Fund Source: (dollars are in thousands)

| | |
|----------------------------------|-------------|
| Unrestricted General Funds (UGF) | \$66,627.3 |
| Designated General Funds (DGF) | \$50,369.4 |
| Other Funds | \$52,713.8 |
| Federal Funds | \$13,584.2 |
| Total | \$183,294.7 |

Positions:

| | |
|---------------------|-------|
| Permanent Full-Time | 746 |
| Permanent Part-Time | 208 |
| Temporary | 72 |
| Total | 1,026 |

Compared to the FY26 adjusted based, the subcommittee recommendations represent an increase of \$1,437.0 (2.2%) in Unrestricted General Funds, \$3,096.6 (6.6%) in Designated General Funds, \$10,321.0 (24.3%) in Other Funds, and no change in Federal Funds.

Budget Action:

The House Finance budget subcommittee for the Department of Natural Resources held four informational meetings with the Department and one close-out meeting. After reviewing and discussing each

of the Governor's proposed budget changes, the subcommittee adopted the majority of the items. The subcommittee made changes to the way the following three requests were funded:

- Big Game Guide Concession Area Implementation was changed from UGF to GF/Prgm - \$342.0 DGF
- Positions to Support Development of New Lands for Timber Sales was changed from UGF to Timber Rep - \$420.4 DGF
- Authority for the Denali Commission Grant from an Inc to a One Time Increment - \$800.0 Stat Desg IncOTI

The subcommittee made one decrement from the Governor's proposed budget:

- \$139.5 MHTAAR for the Trust Land Office Administration Budget

Compared to the FY26 Governor Amend budget, the subcommittee recommendations represent a decrease of \$762.4 (-1.1%) in UGF.

Subcommittee Amendments:

The Chair set an amendment deadline, welcomed amendments from all members, and the committee received eight amendments. The subcommittee approved four amendments. Two of the adopted amendments are detailed in the above section (Denali Commission Grant OTI and the MHTAAR decrement). The other two adopted amendments were:

- Maintaining funding for a AK.LNG Commercial Analyst - \$385.0 GF/Prgm
- Appropriating the additional revenue in the Vehicle Rental Tax Fund to the Division of Parks and Outdoor Recreation - \$2,334.2 DGF

Additionally, two amendments were withdrawn but provided fruitful conversation. From the discussions and topics of the two withdrawn amendments, the Chair offers the following recommendations to the full House Finance Committee:

- During consideration of the creation of the Department of Agriculture, utilize pre-existing resources - particularly administrative and IT

personnel - within the Department of Natural Resources.

- Request a report from the Department listing the details and cost of each infrastructure project funded within the Forest Management and Development allocation.

Attached Reports:

The House Finance budget subcommittee for the Department of Natural Resources (DNR) adopted the attached BA Report.

[2:07:07 PM](#)

Co-Chair Josephson asked what the purpose of the Denali Commission grant was.

Ms. Hamp responded that the grant would be used for forest management activities such as reforestation, fire mitigation, and health treatments on private lands.

Representative Allard shared that she had recently spoken with someone in the executive branch and she had recommended the use of lateral transfers to support the proposed Department of Agriculture. She appreciated that the lateral transfer idea appeared to be gaining traction and thought that there was no reason for the state not to use utilize lateral transfers for its 24,000 state employees. She hoped that any changes would be supported by the following year's budget.

Representative Stapp asked whether deleting the Mental Health Trust Authority Authorized Receipts (MHTAAR) funds was a request from the Alaska Mental Health Trust Authority's (AMHTA) Trust Land Office (TLO). He noted that MHTAR funds were not legislative funds.

Ms. Hamp responded that the deletion had been an amendment proposed by a subcommittee member and not a direct request from AMHTA.

Representative Stapp understood that the fund source for the request for two positions to support the development of new lands for timber sales would change from UGF to timber receipts. He asked if the reason for using the timber receipts fund source was because there was an expectation that timber sales would increase. He wondered if the fund

source was already sufficient to cover the costs for the positions.

Ms. Hamp replied that there was already enough timber receipts revenue to support the positions. She added that the department hoped the fund source would continue to grow based on changes made to timber practices over the last year.

Representative Stapp asked whether the additional vehicle rental tax receipt authority was based on anticipated increases in vehicle rentals or if it reflected unexpectedly high collections from the previous fiscal year.

Ms. Hamp answered that the Vehicle Rental Tax Fund (VRTF) had seen an increase in revenue in the past fiscal year and the additional authority was supported by an existing surplus in the fund.

Representative Stapp understood that the increased receipt authority would simply allow the department to access and spend the collected funds from increased rentals. He asked if his understanding was correct.

Ms. Hamp responded in the affirmative.

[2:10:29 PM](#)

Representative Hannan noted that multiple agencies utilized VRTF and asked whether increasing authority at DNR would decrease available funding for other departments. She asked if subcommittees for other agencies had accounted for such reductions or if there was extra funding available for multiple agencies.

Ms. Hamp responded that there was additional revenue in the fund and that the subcommittee ensured it did not touch allocations designated for other subcommittees. She added that DNR had been the first to act on the available funds.

Representative Allard observed that the report listed the total permanent full-time positions, part-time positions, temporary positions, and the total overall number of positions. She noted that it was her first year serving on the House Finance Committee and asked whether the documents traditionally included vacancy figures. She asked for the

definition of part-time, full-time, and temporary, and asked why temporary positions were needed at all.

Ms. Hamp replied that she would need to follow up with the information.

Co-Chair Josephson suggested that LFD could respond.

Representative Allard requested that the breakdown of vacancies be provided after the meeting. She clarified that she was simply curious whether the information was already on hand.

Co-Chair Josephson recalled that the Office of Management and Budget (OMB) had previously presented to the committee the detailed vacancy rates across all departments.

Representative Allard stated that the information was important to her because if funds were not spent on vacant positions, she believed the departments would likely spend the funds elsewhere before being required to return the funds to the state. She stated that she wanted to see the numbers reflecting what portion of the funds from the vacancies were spent before being reallocated or returned to the state, or if the funds were returned at all.

Co-Chair Josephson responded that he suspected it was a case-by-case situation. He stated that it was probably something Mr. Alexei Painter could address.

[2:13:20 PM](#)

ALEXEI PAINTER, DIRECTOR, LEGISLATIVE FINANCE DIVISION, responded that he did not know the exact number of vacancies for DNR. He confirmed that OMB had recently provided a response to a committee question that included a listing of long-term vacant positions and the percentage of vacant positions as of December of 2024. He noted that more recent data had also been submitted. He explained that the FY 26 budget was speculative because it was unclear how many positions would remain vacant in a year. He noted that there could be parts of DNR's budget and other departments' budgets where the actual vacancy rate exceeded the budgeted vacancy factor. He explained that most allocations included a maximum 7 percent vacancy factor, which was the standard practice of intentional under-budgeting to account for anticipated vacancies. There could be instances in which

funds lapsed due to vacancies, but he did not have more information available offhand. He offered to provide the current vacancy numbers and the associated funding levels as of January of 2025 in a follow up.

Representative Allard stated that she specifically wanted a line-item breakdown of vacancies and salary levels, and an explanation of whether the funds allocated to the vacant positions were used elsewhere. She acknowledged that the response required additional effort, but she believed it was important to understand where the funds were going.

Mr. Painter responded that it would be challenging to track exactly how the funds were used. He reported that OMB had submitted its lapse report earlier that day, as required by statute. The report indicated no lapse in personal services spending for any agency, which he thought was unlikely. He clarified that it was still unknown what would lapse from FY 25. He stated that it was possible to look back at FY 24 and compare budgeted personal services funding with actual expenditures to identify any increases in other line items; however, the information was retrospective and had limited predictive value for FY 26.

Mr. Painter suggested that LFD could provide a comparison of line item changes between final budgets and actual expenditures for DNR or any agency or department. The expenditure data provided by OMB consisted of preliminary actuals, which were all pre-audit figures. He stated that the FY 24 audit had not been completed yet and might not be finalized for another month. The figures represented a single point in time and should not be considered fully accurate because the figures had not yet been audited.

Representative Allard thought LFD could examine past data to understand the state's habits and how it was using its money.

[2:17:21 PM](#)

Representative Johnson recalled that the subcommittee had accepted a \$2.5 million item for a wildland fire replacement aircraft. She understood that DNR owned two aircrafts that were used to coordinate wildland fire responses but that one of the aircrafts had reached the end of its operational life, which had increased maintenance requirements and decreased operational efficiency. She

remarked that if the state was going to purchase a new aircraft, it should use the maintenance funds from the old aircraft to maintain the new one. She stated that hopefully the new aircraft would require less maintenance. She asked what would happen to the old aircraft and whether there had been any discussion of offsetting the cost of the new aircraft by selling the old one.

Ms. Hamp responded that she believed Representative Johnson was referring to items in the capital budget.

Representative Johnson acknowledged that might be the case and stated that she did not know how she had come across the item.

Ms. Hamp understood that LFD had merged operating and capital items in its overview.

Representative Johnson asked about the addition of a couple of positions for broadband right-of-way specialists. She questioned whether the need for state expenditures had been evaluated in light of the significant amount of federal funding received for broadband development. She expressed surprise that the state would need to use UGF to support broadband development and asked whether the subcommittee had reviewed the matter.

Ms. Hamp stated that she believed Representative Johnson was referring to item 5 in the attached BA report.

Representative Johnson responded in the affirmative.

Ms. Hamp responded that she could not recall offhand whether federal funds were available for the positions. She added that the increase in workload from the federal grants was why additional staff were required, which was not an expense that was eligible for federal funding.

Representative Johnson thought that federal funding often came with hidden costs that impacted the state's UGF. She remarked that while the broadband grants brought in additional resources, the grants also increased the department's workload and required state funding. She emphasized the importance of identifying ways to manage added costs within the scope of the federal grant funding.

Ms. Hamp responded that the positions had been added as temporary increments. She stated that the positions would not be included in the base budget due to the timing and nature of the workload.

[2:21:49 PM](#)

^UNIVERSITY OF ALASKA

LISA KELLER, STAFF, REPRESENTATIVE ALYSE GALVIN, reviewed the finance subcommittee recommendations for the University of Alaska (UA) (copy on file):

The House Finance Budget Subcommittee for the University of Alaska submits the following recommended operating budget for FY26 to the House Finance Committee.

RECOMMENDATIONS

Fund Source: (dollars are in thousands)

| | |
|----------------------------------|---------------|
| Unrestricted General Funds (UGF) | \$358,065.8 |
| Designated General Funds (DGF) | \$313,927.0 |
| Other Funds | \$219,148.0 |
| Federal Funds | \$216,257.8 |
| Total | \$1,107,398.6 |

Compared to the FY26 governor's amended budget proposal, subcommittee recommendations represent an increase of \$3,000.0 (+0.3%) in Unrestricted General Funds (UGF).

Positions:

| | |
|---------------------|-------|
| Permanent Full-Time | 3,863 |
| Permanent Part-Time | 343 |
| Temporary | 0 |
| Total | 4,206 |

BUDGET ACTIONS

The House Finance Budget Subcommittee for University of Alaska reviewed the FY26 budget request and adopted all items and added:

- An increase of \$3,000.0 in UGF to Increase Recruitment, Retention, and Graduation.

SUBCOMMITTEE RECOMMENDATIONS

The subcommittee is forwarding the following recommendations for the full committee's consideration:

- That the \$3,000.0 increment be used to raise recruitment, retention, and graduation rates across the University of Alaska system,
- That the University focuses the majority of \$2,500.0 on best practice strategies engaging in-state students to impact recruitment, retention, and graduation rate across the University of Alaska system,
- That \$500.0 of the \$3,000.0 increment be used to increase mental health care access for students across the University of Alaska system.

SUBCOMMITTEE AMENDMENTS

The chair set an amendment deadline, welcomed amendments from all members, and the subcommittee received no amendments.

ATTACHED REPORT

The House Finance Budget Subcommittee for the University of Alaska adopted the attached report:

- House Finance University of Alaska Budget Action Report

[2:24:57 PM](#)

Representative Stapp expressed appreciation for the extensive work completed by the UA subcommittee. He noted that the work was often not rewarded appropriately given the number of hours involved. He noted that the legislature had moved a significant amount UA receipt authority and that the university had conducted substantial private fundraising for projects. He explained that it was important to ensure that the university had sufficient receipt authority to accept all donations in the event that receipts exceeded what had been authorized. He asked whether the subcommittee had reviewed the issue.

Representative Galvin responded that the overview provided by UA President Pat Pitney included a request from the university for additional receipt authority. She confirmed that additional authority had been granted. She noted that the university had evaluated the need and requested the amount accordingly. There had been some last minute changes in the past due to underestimating UA's needs, but she offered reassurance that the university had provided a more complete assessment during the subcommittee process. She suggested that Ms. Keller provide more details.

Ms. Keller requested that LFD provide more information.

[2:27:10 PM](#)

MICHAEL PARTLOW, FISCAL ANALYST, LEGISLATIVE FINANCE DIVISION, responded that the university had proposed a number of technical adjustments that were included in the governor's budget and adopted by the subcommittee. The adjustments included additional statutory designated program receipt authority to accept donations as well as a reclassification of some UA receipt authority to statutory designated program receipt authority. He explained that the purpose was to clarify the difference between revenue generated as tuition and revenue brought in as donations or from federal funding.

Representative Stapp understood that the legislature had adjusted the receipt authority to reflect revenues more accurately. He noted that he wanted to ensure that the university would not be limited in its ability to accept private donations if it exceeded the authorized amount for statutory designated program receipts. He asked whether the adjustments made had accounted for such a possibility.

Mr. Partlow responded that "tens of millions" of dollars in receipt authority had been added. He stated that it was an aspirational amount and he expressed hope that the university would receive such an aspirational level of donations.

Co-Chair Josephson remarked that he was confident that concerns would have been raised already if the amount had been insufficient.

Representative Tomaszewski asked if the \$3 million increment for recruitment, retention, and graduation rates was considered intent language.

Mr. Partlow responded that the recommendation was not intent language. He stated that the subcommittee had approved the \$3 million increment for recruitment and retention. The subcommittee had recommended that \$2.5 million of the \$3 million increment go toward recruitment and retention. He noted that the committee could choose to designate \$500,000 toward student mental health. He emphasized that it was a recommendation and not intent language and allowed for broad usage of the funds under the general category of recruitment and mental health support. The university could currently use the \$3 million for broad recruitment and retention activities. He relayed that the subcommittee recommended that more clarification be provided as to how the money should be spent.

Representative Tomaszewski asked for confirmation that there was no intent language.

Mr. Partlow responded that as currently written, it was a broader category. The recommendation in the narrative was that the finance committee could further clarify the spending if desired, but as currently written, there was no requirement for how the funds must be allocated within the recruitment and retention category.

[2:31:15 PM](#)

Representative Allard asked if the funding was a "blank check."

Mr. Partlow responded that he would not characterize it as such. He stated that the \$3 million increment was intended specifically for recruitment and retention within the university system. He noted that the Board of Regents had discretion over how its goals were accomplished but he affirmed that the subcommittee intended the funds to support the university's objectives.

Representative Allard remarked that she did not think the university was required to spend the funds on recruitment and retention. She asked if the lack of intent language meant the funds were not formally "earmarked" for those purposes.

Co-Chair Josephson added that there had been frustration in the past about how UA was spending its funds. He explained that the legislature had decided to require the university to operate under nine separate appropriations to increase legislative oversight of UA. He noted that the legislature had subsequently returned the university to a single appropriation structure. If the university did not spend the funding as intended, the legislature could respond more strictly in the FY 27 budget. He relayed that the current funding was based on a request from the Board of Regents and he expected that the board would monitor how the money was spent.

Representative Allard asked if Mr. Partlow had anything to add.

Mr. Parlow responded that the university retained some discretion in how the funds were spent. However, the transaction language in the budget was clearly written with a stated purpose. He confirmed that the legislature could hold the university accountable in the future if it failed to align its expenditures with legislative intent.

[2:33:34 PM](#)

Representative Galvin noted that the university had given a formal presentation to the committee on its expenditure plan and had provided a detailed red book outlining how the funds would be spent. She stated that she had further discussions with the university and Chancellor Sean Parnell to better understand the funding priorities and she would be happy to have offline discussion with anyone who was interested in learning more. She acknowledged that the university had requested \$10 million, and the legislature had to make difficult decisions. She hoped that the funds provided would make a positive difference. She stressed the importance of the university reporting back in the following year to account for how the funds were spent.

Representative Allard commented that she had also met with the chancellor and she understood what was going on. She thought it was important for certain matters to be placed on the public record.

Co-Chair Josephson stated that he had also met with the chancellor, who had advocated strongly for the University

of Alaska Anchorage (UAA) athletics program and the University of Alaska Fairbanks (UAF) hockey program. He clarified that the requests were not included in the current budget.

Representative Tomaszewski stated that he thought there had been a \$5 million request for sports funding and asked whether that was included in the current budget.

Co-Chair Josephson replied that the \$5 million request was not included in the budget.

[2:36:30 PM](#)

^JUDICIARY

RACHAEL GUNN, STAFF, REPRESENTATIVE NELLIE JIMMIE, reviewed the finance subcommittee recommendations for the Judiciary (copy on file):

The House Finance Budget Subcommittee for the Alaska Courts System submits the following recommended operating budget for FY26 to the House Finance Committee. Note that that all dollars are in thousands and the Subcommittee's recommendations are limited to the numbers section of the operating budget

RECOMMENDATIONS:

| Source of Funds | Total | Change (in dollars) | Change (as percent) |
|---------------------|-----------|------------------------|------------------------|
| Unrestricted | | | |
| General Funds (UGF) | 154,525.2 | 1,187.7 | 0.8% |
| Designated | | | |
| General Funds (DGF) | 518.0 | 0.0 | 0.0% |
| Other Funds | 2,710.0 | 278.3 | 11.4% |
| Federal Funds | 1,805.3 | 0 | 0.0% |
| Total | 159,558.5 | 1,466.0 | 0.9% |

*Funding changes are in comparison to the FY25 Adjusted Base +

| Position Type | Number |
|---------------------|--------|
| Permanent Full-Time | 755 |
| Permanent Part-Time | 38 |
| Temporary | 6 |
| Total | 799 |

BUDGET ACTIONS:

The House Finance Budget Subcommittee for the Alaska Court System carefully reviewed and discussed the Office of the Governor's FY26 operating budget and amendments from its members and the Governor.

The subcommittee accepts the budget proposal submitted by the Office of the Governor with the following changes:

- Add a \$170.8 UGF Increment to reflect the needs of the Court system for facility, utility, and contract costs as originally requested by agency

[2:38:39 PM](#)

Representative Johnson asked for more information about the reason for the \$170,000 increase in UGF.

Ms. Gunn responded that the \$170,000 had been requested by the courts but had not made it into the final budget item.

Representative Johnson asked if the request had simply come in late.

Ms. Gunn responded that the request had not come in late, but it was not originally included in the subcommittee's request. She added that the number had changed slightly and that the initial request had been \$552,300 but the final amount was \$534,000. She explained that the lease cost had come in slightly lower while the building cost had increased; however, utility costs had remained unchanged.

Co-Chair Josephson returned to the topic of the university and clarified that funding for university athletics programs was included in the budget, but it was in the form of university receipts rather than UGF. He cited item 38 for UAA and item 64 for UAF.

Co-Chair Josephson noted that the committee had reviewed seven reports during the meeting. He commended Representative Allard for her comments. He relayed that it was important to clarify on public record that the legislature had appropriation authority and it expected the executive branch to spend funds accordingly.

Representative Tomaszewski asked for clarification regarding the athletics line items.

Co-Chair Josephson confirmed that the correct items in the report were 33, 38, and 64. He added that the items represented authority for the university to spend money that it already had.

Representative Allard added that she had discussed athletics with the chancellor and noted that athletics served as a recruitment tool for the university. She suggested that more students might attend a UA school because of athletic programs. She indicated that she intended to bring an amendment forward to make cuts.

Co-Chair Josephson remarked that he liked part of Representative Allard's comment.

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 following day's meeting.

ADJOURNMENT

[2:42:02 PM](#)

The meeting was adjourned at 2:42 p.m.