

HOUSE FINANCE COMMITTEE
March 18, 2025
1:38 p.m.

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CALL TO ORDER

Co-Chair Schrage called the House Finance Committee meeting to order at 1:38 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

Chad Hutchison, State Director, Government Relations, University of Alaska.

PRESENT VIA TELECONFERENCE

Alesia Kruckenberg, Director of Strategy Planning and Budget, University of Alaska; Christopher McConnell, Facilities Director, University of Alaska Anchorage; Cameron Wohlford, Facility Services, University of Alaska Fairbanks; Nathan Leigh, Facilities Director, University of Alaska Southeast; Bradley Moran, Dean of the College of Fisheries and Ocean Studies, University of Alaska Fairbanks; Anupma Prakash, Provost and Executive Vice Chancellor, University of Alaska Fairbanks.

SUMMARY

HB 54 APPROP: CAPITAL/SUPPLEMENTAL/FUNDS

HB 54 was HEARD and HELD in committee for further consideration.

PRESENTATION: UNIVERSITY OF ALASKA SYSTEM DEFERRED
MAINTENANCE and CAPITAL REQUESTS

Co-Chair Schrage reviewed the meeting agenda.

^PRESENTATION: UNIVERSITY OF ALASKA SYSTEM DEFERRED
MAINTENANCE and CAPITAL REQUESTS

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CHAD HUTCHISON, STATE DIRECTOR, GOVERNMENT RELATIONS, UNIVERSITY OF ALASKA, reviewed individuals from the University of Alaska (UA) available online. He introduced a PowerPoint presentation titled "University of Alaska: Empower Alaska: Deferred Maintenance and Priority Capital Budget Requests" dated March 18, 2025 (copy on file). He provided an overview of the presentation on slide 2. He pointed to a separate backup document in members' packets titled "University of Alaska Deferred Maintenance (DM) and Modernization Working List of Projects" (copy on file).

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Representative Hannan asked about the list of projects, and stated that she wanted to know how long each project had been on the list. She wondered whether the list was comprehensive.

Mr. Hutchison answered that some of the projects were requested year after year.

Representative Hannan asked how the deferred maintenance list differed from the capital request.

Mr. Hutchison responded that capital requests pertained to projects that brought a value to Alaska and would help with enrollment.

Representative Hannan wondered whether deferred maintenance was included in capital budget requests.

Mr. Hutchison responded affirmatively.

Representative Galvin remarked that the Office of Management and Budget (OMB) had reference a higher number of buildings than what was shown in the current day's presentation.

Mr. Hutchison replied that the current sheet was strictly deferred maintenance, and the difference in number would be explained in the presentation.

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Mr. Hutchison reviewed an introduction of the presentation on slide 3. He stated that deferred maintenance was one of the most important things considered by the Board of Regents. He explained that the university had received an average of \$17.2 million in state funding.

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Representative Hannan referenced the bullet about \$17.2 million on slide 3, and wondered whether that referred to the capital or operating budget.

Mr. Hutchison replied that it was in the capital budget.

Co-Chair Schrage asked if that was net of vetoes.

Mr. Hutchison replied affirmatively.

Mr. Hutchison turned to slide 4 titled "UA Facility Profile." He explained the details of how the accounting was performed for each facility.

Representative Stapp asked if there was a current asset valuation of the properties shown on slide 4.

Mr. Hutchison deferred to the budget director online.

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ALESIA KRUCKENBERG, DIRECTOR OF STRATEGY PLANNING AND BUDGET, UNIVERSITY OF ALASKA (via teleconference), answered that they were using the replacement value of the facilities, but there had been no external valuation..

Representative Stapp asked about the two new buildings.

Ms. Kruckenberg replied that there were four new buildings.

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Mr. Hutchison addressed the deferred maintenance project costs on slide 5. He explained that methods associated with deferred maintenance. He moved to slide 6 and discussed the capital budget DM and R&R funding history in unrestricted general funds (UGF) and backlog. The \$35 million request had been prepared the past fall // the equivalency of Representative Stapp's bill // never materialized.

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Representative Bynum appreciated the graph on slide 6. He asked if the information was available by location.

Mr. Hutchison answered that the information pertaining to different locations was available online.

Co-Chair Schrage asked for the information to come to his office for dissemination.

Representative Tomaszewski noted that the over 200 buildings included buildings in Nome and other locations.

Mr. Hutchison agreed.

Representative Hannan asked what the deal was when a deal had been struck with the board of regents.

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Ms. Kruckenberg believed at the time there had been a modest agreement about the capital funding. The university received the \$5 million, and did get funding through the compact period. She stressed that there was not anything that was directly binding when it came to the capital budget.

Representative Hannan asked about the request during the compact. She asked if there was a \$50 million request.

Ms. Kruckenberg replied in the affirmative.

Co-Chair Schrage asked how full the buildings were and if there was room for consolidation or leasing.

Mr. Hutchison answered that there was not a recurring analysis of the components of leasing or consolidation.

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Mr. Hutchison turned to slide 7 pertaining to the University of Alaska Anchorage. He asked a colleague to present the next portion of the presentation.

CHRISTOPHER MCCONNELL, FACILITIES DIRECTOR, UNIVERSITY OF ALASKA ANCHORAGE (via teleconference), addressed slide 8 titled "UAA DM Project Prioritization."

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Mr. McConnell addressed images on slide 9. the last photo was of a mechanical system in the stairwell of the social sciences building, and it remarked that it was in dire need of repair.

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Mr. Hutchison noted that it was the number one UA priority.

Mr. McConnell moved to slide 10, and highlighted the water infiltration issue in the building.

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Representative Hannan noted that the request for the residential buildings was \$3 million. She noted the information that there was a \$90 million deferred maintenance backlog. She was confused about how the two related to one another. She wondered if it was putting a "band aid" on a building that should be replaced.

Mr. McConnell answered that the \$3 million was targeting the worst, most critical, or at risk. He explained that, absent another type of investment, they would continue to need to invest in existing buildings.

Representative Hannan stated that if the request said roof and a price to keep something functional, she urged using clearer simpler language.

Mr. McConnell agreed.

Representative Bynum appreciated the information in the slides. The bottom line was the committee was being told there was \$1 billion in backlog deferred maintenance. He noted that the university was asking the legislature to fund the projects, but he was not seeing a plan as to how to sustainably do it. He understood the need but did not understand how to have a sustainable system. The legislature's overall role in sustaining the system. He did not see that in the presentation. He saw crisis.

Mr. Hutchison replied that the presentation showed the most critical needs of the university.

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Mr. McConnell turned to slides 11 and 12, which highlighted the university's most urgent needs.

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Mr. Hutchison noted that the item on slide 13 was the 7th overall priority.

Mr. McConnell reviewed slide 13 pertaining to \$4 million for the UAA social sciences building energy performance upgrades.

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Mr. Hutchison noted that slide 14 showed the 9th overall priority request for slightly over \$847,000.

Mr. McConnell reviewed slide 14.

Representative Stapp observed there were far fewer students enrolled in the UA system in the past ten years but far more facilities. He wondered at what point they would reduce the number of facilities. He asked if they were looking at selling or leasing any of the facilities.

Mr. Hutchison responded affirmatively.

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Representative Bynum asked if the university had a facility cost per student based on program and location. /

Mr. McConnell did not have the information.

Ms. Kruckenberg answered that the university had looked at it in the past. She could find the reports but did not know when they had been updated.

Representative Bynum asked if the information could be provided to the co-chair.

Co-Chair Schrage agreed.

Representative Galvin asked for a definition of the term "TPC."

Mr. Hutchison answered it stood for total project cost.

Representative Allard spoke about when the university closed the Eagle River campus. She recalled the community had been upset, but there was a cost. She asked about the cost savings and the cost for bringing it back.

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Mr. McConnell responded that he could follow up with an answer.

Representative Allard appreciated it. She noted it was a population of about 50,000 people. She was interested to know if it could be a defining factor to bring more individuals back into the university system.

Representative Galvin appreciated the information. She noted Chancellor Sean Parnell had sat down with the Anchorage delegation the previous year.

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Mr. Hutchison advanced to slide 15 for the University of Alaska Fairbanks (UAF) portion of the presentation. He asked a colleague to present on the slides section.

CAMERON WOHLFORD, FACILITY SERVICES, UNIVERSITY OF ALASKA FAIRBANKS (via teleconference), discussed slide 16, which showed how deferred maintenance impacted student outcomes.

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Representative Bynum asked if the philosophy related to assessment and planning was unique to UAF or the entire system.

Mr. Wohlford answered that they were consistent across all three campuses.

Representative Tomaszewski asked for a copy of the evaluation techniques.

Mr. Wohlford replied that he would follow up.

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Mr. Hutchison moved to slide 17 pertaining to the university's second overall priority of \$12 million for a critical roof and envelope renewal.

Representative Hannan noted they were three distinct buildings. She asked for the individual project costs.

Mr. Wohlford replied that it was a \$12 million request. He moved to slide 18, and the deferred maintenance request pertaining to that building.

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Representative Hannan referenced the Cutler Complex where roof replacements had been done, and wondered whether it was a capital request.

Mr. Wohlford answered that they had completed three of the six projects.

Representative Stapp looked at the university park image on slide 18, and did not recall the specific maintenance need. He thought the building had been built by the school district.

Mr. Wohlford replied in the affirmative.

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Representative Stapp wondered whether there had been conversations with the Fairbanks Northstar Borough about partnering for the childcare facility.

Mr. Wohlford replied affirmatively.

Representative Stapp did not believe they had talked about having enough money for a roof at the childcare facility.

Mr. Wohlford believed the project had been on the deferred maintenance list for a long time.

Mr. Hutchison addressed the slide 19 request for the Kuskokwim Campus renewal in the amount of \$1.8 million.

Mr. Wohlford moved to slide 20 and addressed a request for the UAF student health safety and success in the amount of \$10.5 million.

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NATHAN LEIGH, FACILITIES DIRECTOR, UNIVERSITY OF ALASKA SOUTHEAST (via teleconference), addressed slide 23 "UAS DM Project Prioritization." He moved to slide 24 a request of \$3.25 million for UAS Juneau campus renewal of utilities, mechanical, roofing and safety improvements.

Mr. Hutchison noted that the Ketchikan campus renewal of building envelope and mechanical systems in the amount of \$820,000 was the university's sixth overall priority on slide 26

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Mr. Hutchison relayed that the item on slide 28 was the university's 12th overall priority in the amount of \$820,000 for the Sitka campus window replacement and mechanical system modernization.

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Representative Allard asked if the legislature were the only entity that could help the university in order to fix all of the deferred maintenance. She asked if there were other funds apart from state funds.

Mr. Leigh replied that the university received a certain amount for operations and maintenance from general funds, but when it was over \$50,000 to \$100,000 it took up the entire budget.

Representative Allard asked if any other funds the university received.

Mr. Hutchison deferred the question to Ms. Kruckenberg.

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Representative Allard gave an example. She stated that if her tires needed to be replaced or she could pay the mortgage. She thought the maintenance sounded to be pretty "god awful" at present.

Co-Chair Schrage remarked that sometimes the university would redirect operating maintenance dollars.

Ms. Kruckenberg replied that each year the university was directed to spend a minimal amount of its current resources and stressed that part of the board policy to put money towards facilities.

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Representative Allard appreciated the answer. She asked if the same funds were used to reallocate to, for example, a new student center.

Ms. Kruckenberg answered that each university had to weigh the urgency severity and impact of how funds were allocated and how they prioritized the funds was an individual university process

Representative Allard was concerned that the buildings went so far that there was no choice.

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Mr. Hutchison asked about his preference going forward with the presentation.

Co-Chair Schrage noted that Representative Johnson joined the meeting.

Mr. Hutchison provided an outline of priority capital budget requests on slide 30.

Co-Chair Schrage asked Mr. Hutchison to hit the highlights. He was concerned about the time remaining.

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Representative Galvin asked whether the \$85.3 million of federal grants were already pledged for the center, and whether the funds had been frozen from federal regulations.

BRADLEY MORAN, DEAN OF THE COLLEGE OF FISHERIES AND OCEAN STUDIES, UNIVERSITY OF ALASKA FAIRBANKS (via teleconference), answered that the proposal was still pending.

Representative Johnson looked at slide 30, and wondered how an "indigenous gathering space" differed from other spaces.

Mr. Hutchison answered that it was a student facing gathering space, and was working with private funders with regional Native corporations.

Representative Johnson asked if it were something that everyone would use.

Mr. Hutchison answered that everyone had the opportunity to use it.

Representative Johnson was wondering if they were talking about deferred maintenance.

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Representative Johnson would like to point out that the buildings required deferred maintenance.

Mr. Hutchison addressed slides 31 and 32, and how they related to the mariculture industry.

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Mr. Hutchison turned to slide 34 pertaining to receipt authority. He addressed the UAF R1 strategy continuity on slide 35.

Representative Galvin had not seen the plan associated with meeting the R1 goal, and she asked for detail.

Representative Galvin asked if it meant there needed to be 70 students obtaining the degree each year.

Mr. Hutchison deferred to a colleague.

ANUPMA PRAKASH, PROVOST AND EXECUTIVE VICE CHANCELLOR, UNIVERSITY OF ALASKA FAIRBANKS (via teleconference), responded that there needed to be 70 graduates per year.

Co-Chair Schrage asked if 70 graduates per year were a requirement under the request.

Ms. Prakash replied affirmatively.

Representative Galvin asked out of the 107 students how many were expected to graduate in the current year.

Ms. Prakash responded that it was just shy of the 70 student average.

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Mr. Hutchison addressed a \$14 million request to continue developing a drone economy Alaska. Slide 37 showed a \$6.5 million request pertaining to AI. Slide 38 included a \$10 million request for the Alaska Center for Energy and Power.

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Co-Chair Schrage thanked Mr. Hutchison and his colleagues for the presentation.

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

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ADJOURNMENT

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The meeting was adjourned at 3:31 p.m.