

HOUSE FINANCE COMMITTEE  
March 24, 2025  
1:37 p.m.

1:37:00 PM

CALL TO ORDER

Co-Chair Josephson called the House Finance Committee meeting to order at 1:37 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 (via teleconference)  
Representative DeLena Johnson  
Representative Will Stapp  
Representative Frank Tomaszewski

MEMBERS ABSENT

None

ALSO PRESENT

Alexander Schroeder, Staff, Representative Andy Josephson Staff.

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.

HB 56        APPROP: SUPPLEMENTAL; FUND CAP

HB 56 was HEARD and HELD in committee for further consideration.

Co-Chair Josephson reviewed the meeting agenda.

#hb53

#hb55

#hb56

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."

HOUSE BILL NO. 56

"An Act making supplemental appropriations; making appropriations to capitalize funds; and providing for an effective date."

Co-Chair Josephson relayed that the committee would consider a Committee Substitute (CS) for HB 56, also called the "fast track" supplemental for FY 25. He relayed that the Legislative Finance Division (LFD) was present to address questions.

[1:37:54 PM](#)

AT EASE

[1:38:30 PM](#)

RECONVENED

Co-Chair Josephson invited his aide to come forward and discuss the changes proposed in the CS.

1:38:55 PM

ALEXANDER SCHROEDER, STAFF, REPRESENTATIVE ANDY JOSEPHSON STAFF, reviewed the changes in the proposed CS. He directed attention to a group of documents including a transaction-compare of operating only (numbers and language), s transaction-compare of capital only, the agency summary of operating only - all funds, the agency summary of operating only - Unrestricted General Funds (UGF) only, and the agency summary of operating and capital - UGF only (copies on file). He informed that the supplemental would fill the deficit of \$81,096,500 and would appropriate an additional \$111,368,600 in UGF for necessary items. The total combined UGF draw from the Constitutional Budget Reserve Fund (CBR) would be \$192,465,100.

Mr. Schroeder made note of big-ticket items including \$214,399,000 in federal funding to support annual increases in Medicaid payments to service providers, \$29 million for disaster relief, \$13,141,700 for the closeout of the FY 25 fire suppression season, \$4 million for A Better Childhood lawsuit, and \$2,679,500 to offset interest earnings owed by the state Division of Retirement and Benefits because of a compromised computer system.

Mr. Schroeder listed other noteworthy governor's operating items that were adopted unchanged: \$195,000 in UGF for the Dillingham jail operations (which was accidentally unfunded after the previous year's conference committee), \$2,034,800 in UGF for community residential centers contractual cost for beds (operated by Tundra Center in Bethel and Seaside Center in Nome), \$2,519,900 in UGF for individuals in the Department of Corrections (DOC) for complex and fragile medical conditions that needed a higher level of care, \$650,000 in Designated General Funds (DGF) from the Higher Education Investment Fund to pay for the Alaska Performance Scholarship disbursement due to increased eligibility, \$3 million in UGF to the Alaska Psychiatric Institute to cover lost revenue due to reduced federal allocations and Medicaid redeterminations, \$14,200,000 in UGF to cover the shortfall after federal funding for Medicaid payments, and \$3,200,000 in federal funds to continue the Department of Agriculture's microgrant for food security program.

Mr. Schroeder continued to address noteworthy governor's operating items including numerous University of Alaska

(UA) transactions to better reflect budget authority and fund sources, and \$2,756,200 in UGF for judgements and settlements related to an Office of Children's Services court case. Noteworthy capital items included \$1,875,600 in DGF for the Alaska Oil and Gas Conservation Commission (AOGCC) for a suite of software tools; \$25 million in federal authority for AOGCC for phase 1 of plugging orphaned wells or mitigating future orphaned wells; \$40 mil in federal authority for phase 2 of plugging orphaned wells or mitigating future orphaned wells; \$500,000 in UGF for Blood Bank of Alaska for its blood testing laboratory; \$2,500,000 in federal funds for flood mitigation for acquisition of high-hazard areas in the Mat-Su Borough; and \$6,500,000 in UGF for Alaska Marine Highway System (AMHS) for the annual maintenance, overhaul, and certification of vessels.

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Mr. Schroeder continued that the CS incorporated all of the governor's items as requested, including the items in HB 56 (the fast-track supplemental), items in HB 85 (the regular supplemental), and the governor's amendments to both bills (with some exceptions). He listed an exception that comprised a change to an AVTEC item from \$880,600 in UGF to \$660,000 in STEP funds that were not being utilized in FY 26. There was a related increment of \$182,300 in FY 26. The CS did not adopt the \$1,660,500 increment for the 7 VPSO positions in the Northwest Arctic Borough because the positions were created without legislative approval. In the capital numbers section, the CS changed the fund source of AMHS's additional FY 25 maintenance funds to UGF from the AMHS Fund to prevent potential shortfall in the fund source in the FY 26 budget.

Mr. Schroeder continued that the language section added the Alaska Seafood Marketing Institute (ASMI) multi-year item that was in the House CS 1 for HB 53, the operating bill. He noted that the [sponsors] intended to offer an amendment to remove the item from HB 53. There was an additional \$3 million UGF on top of the governor's \$10 million for fire suppression due to the early start of the fire season. There was a change in fund source for two reappropriation items for roughly \$10 million to UGF in the Department of Health for the Supplemental Nutrition Assistance Program (SNAP) investment projects and in the Department of Law for SNAP litigation. The administration had attempted to

reappropriate a past encumbrance from FY 21 for a portion of the items and legal advice had indicated that the encumbrance was not valid. The item needed to be funded with General Funds (GF) and the change was neutral to the CBR. A reappropriation for \$3 million for disaster relief was changed to UGF. Lastly, the DOC supervisory standby pay was broken into three appropriations, and the change reflected the structure of the FY 26 appropriations for the same purpose.

Mr. Schroeder addressed CBR language, with "headroom" that allowed a draw projected to be \$200 million in total. The language funded a deficit that already existed based on the previous year's appropriations, appropriations in the CS, and no more than \$7,534,900 in supplemental items to be funded from the General Fund between the current time and June 30 in other appropriation bills to account for any supplemental items not received by the legislature. The only other changes were technical. Aside from the \$3 million for fire suppression, the CS did not include items outside of the governor's request.

[1:47:36 PM](#)

Co-Chair Josephson reviewed that the committee had gone through a recitation of the changes to HB 56, which was a conjoining of fast-track supplemental items. He noted that Mr. Schroeder had highlighted important items and noted that the only change from the governor's request was \$3 million for fire suppression.

Mr. Schroeder noted that there had been modifications to some of the governor's requests, but the only addition had been the \$3 million for fire suppression.

Co-Chair Josephson relayed that the committee would consider an amendment deadline and would inform members shortly. He relayed that the plan was to move the bill quickly.

[1:49:45 PM](#)

AT EASE

[1:50:32 PM](#)

RECONVENED

Representative Johnson asked for a reminder of what was meant by the concept of "headroom" mentioned in the CS.

Mr. Schroeder explained that the last item was the CBR language with headroom, which allowed a draw projected to be \$200 million in total. The language funded a deficit that already existed based on the previous year's appropriations, appropriations in the CS, and no more than \$7,534,900 in supplemental items to be funded from the General Fund between the current time and June 30 in other appropriation bills to account for any supplemental items not received by the legislature.

Co-Chair Josephson asked if any expenditure would be heard about through another bill.

Mr. Schroder answered affirmatively.

Representative Stapp did not see the need to create a CBR draw to the amount specified for the majority of the expenditures. He understood items like disaster relief but asked why not roll the majority of the items into the FY 26 operating budget.

Co-Chair Josephson noted that there was a decision made to do it in the way that was addressed. The CS sponsors did not choose to reduce the governor's items, and the amount was the governor's request.

Co-Chair Schrage MOVED HB 56, Work draft 34-GH1753\N, Marx, 3/22/25, as a working draft.

Representative Johnson OBJECTED for discussion.

[1:53:45 PM](#)

AT EASE

[1:58:03 PM](#)

RECONVENED

Co-Chair Josephson reminded the committee that there was a motion and there was an objection.

Representative Johnson spoke to her objection. She thought there were a good number of changes, and mentioned fund source changes and \$20 million in additions.

1:59:12 PM

Co-Chair Schrage asked for confirmation that the CS included the governor's proposed items and amendments.

Co-Chair Josephson responded that the items were mostly the governor's requests with exceptions noted by Mr. Schroeder, including fund source changes. He listed further exceptions such as the removal of 7 VPSO positions. He mentioned an item for AVTEC, which was being funded at four-fifths from a different source. There was \$3 million appropriated for disaster relief, which was a new item. In addition, there was about \$7.5 million because there was about a quarter of the fiscal year remaining. He noted that all members would know if the funding was spent in any way.

Representative Hannan wanted to affirm at least \$10 million in fund source changes was due to funds that would lapse to the CBR and that the transaction resulted in a net zero.

Mr. Schroeder responded in the affirmative.

Representative Stapp communicated that there were a few things that bothered him. He reiterated that the level of draw from the CBR was unnecessary. He questioned the lack of funding for the VPSO positions and saw no reason that the same argument could not be made for the ASMI funding not be changed to an FY 26 appropriation subject to the legislative body. He thought the funding had been vetoed the previous year. He did not see the value of calling the bill a fast track supplemental when the vast majority of the items did not need to be in a supplemental budget nor subject to a CBR. He relayed that he would not support the adoption of the CS.

Co-Chair Josephson thought the bill did not use the term "fast track." The CS simply used the same bill number. He thought the governor had a change of heart regarding ASMI. He did not know if the governor regretted his earlier veto.

2:03:17 PM

Representative Hannan was in favor of adopting the work draft. She was irritated with the \$500,000 for the blood bank that was vetoed the previous year. She reasoned that the funds should go into the supplemental so that the money could be used and no longer forestall the blood bank blood

testing. She hoped the new blood bank testing center would soon be operational.

Representative Johnson MAINTAINED her objection.

[2:04:51 PM](#)

A roll call vote was taken on the motion.

IN FAVOR: Jimmie, Galvin, Hannan, Foster, Schrage, Josephson

OPPOSED: Johnson, Allard, Stapp, Tomaszewski, Bynum

The MOTION PASSED (6/5).

There being NO further OBJECTION, it was so ordered. The CS was adopted.

Co-Chair Josephson relayed that he would be establishing an amendment deadline soon.

Representative Stapp asked for a clarification regarding online voting by members. He referenced a legal memo and requested the memo be read on the record.

[2:06:29 PM](#)

AT EASE

[2:08:47 PM](#)

RECONVENED

Co-Chair Josephson relayed that the committee just affirmed the adoption of the CS for HB 56. He reminded that there had been a question regarding the telephonic participation of members in voting. He relayed that he could distribute a memo or read pertinent parts into the record.

Representative Stapp asked that the memo be read on the record.

Co-Chair Josephson read from a memo from the Legislative Legal Division dated Jan 27, 2025 (copy on file). He read from page 3, starting with item 2:

2. Telephonic participation in Committee Meetings

You asked whether a legislator may participate telephonically in a committee meeting. The legislature

has, for many years, conducted committee meetings utilizing teleconferencing. The Open Meetings Law (AS 44.62.310) specifically permits meetings of governmental bodies to be conducted by teleconference. The Open Meetings Law applied to the legislative branch until it was amended in 1994. While there is now no explicit statutory authority for legislative committees to meet by teleconference, meeting by teleconference is not expressly prohibited by statute or Uniform Rule. Committees continue to meet regularly via teleconference.

The legislature has long taken the position that while a vote on any other matter coming before the committee is in order, a member may not vote by teleconference to report a bill from committee. This exception to the general rule permitting participation by teleconference is based upon the requirement in the Uniform Rules that the committee report be signed by a majority of the members of the committee. Obviously, a person who is absent cannot sign the report and the Rule contains no mechanism to permit the absent member to delegate the signature power to another person.

Co-Chair Josephson understood that members could participate in ways other than a motion to move a bill telephonically.

Co-Chair Josephson relayed that an amendment deadline would be communicated by the Committee Aide.

Co-Chair Josephson reviewed the agenda for the following day, which would include public testimony on the newly adopted CS (Version N) of HB 56.

Representative Johnson commented that it was possible to pass a negative supplemental if so desired, and in doing so reduce the budget.

Co-Chair Josephson suggested Representative Johnson communicate her idea with the Executive Branch.

Representative Johnson thought the third floor [governor] would love to help.

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ADJOURNMENT

2:12:47 PM

The meeting was adjourned at 2:12 p.m.