

HOUSE FINANCE COMMITTEE
April 1, 2025
1:43 p.m.

[1:43:59 PM](#)

CALL TO ORDER

Co-Chair Josephson called the House Finance Committee meeting to order at 1:43 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

Alexei Painter, Director, Legislative Finance Division.

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.

Co-Chair Josephson reviewed the agenda. The committee would hear amendments to the operating and mental health budgets.

#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."

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^AMENDMENTS

Co-Chair Josephson did not offer Amendment N 80 (copy on file).

Representative Bynum WITHDREW Amendment N 81 (copy on file).

Representative Bynum MOVED to ADOPT Amendment N 82 (copy on file):

Agency: Public Safety
Appropriation: Alaska State Troopers
Allocation: AST Detachments

Transaction Details
Title: Reduce Additional Overtime Hours Funding for
Alaska State Troopers
from 300 to 150
Section: Section 1
Type: Dec

Line Items (Amounts are in thousands)

Personal Services:	-1,174.0
Travel:	0.0
Services:	0.0
Commodities:	0.0
Capital Outlay:	0.0
Grants:	0.0
Miscellaneous:	0.0
	-1,174.0

Positions

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

Funding (Amounts are in thousands)

1004 Gen Fund	-1,174.0
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Explanation

Reduce the cost of the Alaska State Troopers and slow its ongoing outsized expansion.

Co-Chair Josephson OBJECTED for discussion.

[1:46:11 PM](#)

AT EASE

[1:47:34 PM](#)

RECONVENED

Representative Bynum explained that the amendment addressed funding for overtime. He stated that the goal was to reduce the Department of Public Safety's (DPS) overtime increment from 300 hours to 150 hours. He noted that the committee had emphasized the importance of departments providing clear and accurate representations of their operational needs. He thought that the 300-hour overtime request was excessive given the current fiscal climate. He clarified that he was supportive of law enforcement officers, but that 300 hours of overtime amounted to two months of work at 75 hours per week, which was extreme. He argued that the overtime exceeded what was necessary and that the department appeared to be paying overtime to compensate for unfilled vacancies, while also expecting to function adequately without the additional funding.

Representative Bynum stated that the amendment was part of a broader effort to ensure responsible spending across

state agencies. He relayed that he did not yet have a clear understanding of how departments were managing their budgets. He acknowledged that there were personnel shortfalls and real overtime needs, but departments were shifting costs into overtime line items without fully explaining the needs to the legislature. He thought departments needed to communicate more transparently about the nature of the staffing shortfalls. Instead of broadly allocating funding to overtime, departments should present specific justifications. He stated that the amendment was intended to initiate discussion.

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Representative Stapp expressed appreciation for DPS Commissioner James Cockrell for clearly identifying the department's budgeted overtime hours. He thought it was important to recognize the department for providing clear information, as it allowed the legislature to better understand the scope of the request. He hoped that other departments would begin following suit, as it was difficult for the legislature to evaluate requests such as the one in Amendment N 82 without comparable information. He noted that it was challenging to determine whether 300 hours or 150 hours was appropriate without knowing the department's standard overtime usage. He did not think 300 hours of overtime spread over a year seemed excessive, especially considering the demands placed on public safety officers. He remarked that law enforcement work extended beyond standard business hours.

Representative Hannan noted that she had not served on the DPS finance subcommittee but recalled that the department had provided figures based on average overtime hours. She expressed concern about penalizing the department for providing honest estimates. She asked the Legislative Finance Division (LFD) to clarify whether 300 hours was the department's actual average overtime per position. She emphasized that she could not support cutting the allocation in half if the figure reflected actual need. She highlighted the phrasing of the amendment and noted that it used the term "reduce additional overtime." She questioned whether the 300 hours was in addition to a baseline overtime allocation or if it represented the full overtime estimate. She indicated that she could support a reduction if the amount was supplemental, but not if it comprised the department's total estimated overtime per position.

Representative Johnson recalled that during a previous administration, significant cuts had been made to public safety positions due to declining oil revenue. She stated that in recent years there had been an effort to rebuild public safety capacity across the state. She acknowledged that recruitment remained difficult, which contributed to the department's continued reliance on overtime.

[1:54:22 PM](#)

Representative Jimmie stated that she could not support the amendment. She relayed that Alaska State Troopers (AST) operated in dangerous conditions and often placed themselves at personal risk. She thought that reducing overtime would impair public safety and overtime pay helped ensure that troopers were able to respond to emergencies on short notice.

Representative Bynum responded that departments were already using substantial funding for overtime. He observed that no corresponding reductions had been proposed in other areas where departments were not utilizing existing resources. He noted that DPS had stressed that public safety coverage was a top priority and there needed to be more positions to meet its mission across the state. However, he expressed concern that DPS had not clearly explained how it was reallocating resources to create additional positions. There was no other decrement in DPS's budget and it was not using other budget items to supplement new positions. He understood that if troopers needed to work overtime, DPS would pay for the overtime house. He wanted to ensure that the department was also allocating all of its resources statewide to meet the needs of the entire state. He clarified that he appreciated the department's work and that it included an increment in the budget for overtime. He hoped that other departments would include similar overtime allocations in their budgets. He wanted to ensure that the department was prioritizing where it was placing troopers and that troopers were using overtime hours wisely.

Representative Bynum WITHDREW Amendment N 82 (copy on file).

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AT EASE

1:57:20 PM

RECONVENED

Representative Bynum WITHDREW Amendment N 83 (copy on file).

Representative Bynum WITHDREW Amendment N 84 (copy on file).

Co-Chair Josephson MOVED to ADOPT Amendment N 85 (copy on file):

Agency: Revenue
Appropriation: APFC Anchorage Office
Allocation: APFC Anchorage Office

Transaction Details
Title: Decommission Anchorage Office
Section: Section 1
Type: IncOTI

Line Items (Amounts are in thousands)

Personal Services:	0.0
Travel:	0.0
Services:	0.1
Commodities:	0.0
Capital Outlay:	0.0
Grants:	0.0
Miscellaneous:	0.0
	0.1

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

Funding (Amounts are in thousands)
1105 PF Gross 0.1

Representative Stapp OBJECTED.

Co-Chair Josephson relayed that he was offering the amendment in response to what he perceived as the collective will of the legislature overall. He noted that he had consistently been a strong advocate and protector for the capital city. He acknowledged that some Alaska

Permanent Fund Corporation (APFC) employees had settled in Anchorage and there had been frustration among legislators regarding the corporation's refusal to follow legislative intent to avoid building out an office in Anchorage. He recalled that the legislature had not authorized the expansion. He thought that the Anchorage office was a form of "mission creep." He anticipated that the corporation would argue that Anchorage offered more amenities and was thus more attractive to some staff. He emphasized that the amendment was offered in defense of legislative authority and reflected concerns voiced by a majority of legislators. He stated that he was not personally distressed by the issue but felt it warranted discussion.

Co-Chair Foster stated that he supported the intent of the amendment. He recalled that a similar effort had been made the previous year and that there had been a structural change to the budget to separate the Juneau and Anchorage office allocations. He asked whether the current amendment included a structural change sufficient to achieve the goal of encouraging APFC to maintain its operations in Juneau.

Co-Chair Josephson responded that he believed it did. He noted that the committee might wonder why the appropriation listed was \$100 and explained that he had learned that a \$0 appropriation was not permissible. He asked if LFD could provide more details about the structural change.

[2:00:46 PM](#)

ALEXEI PAINTER, DIRECTOR, LEGISLATIVE FINANCE DIVISION, responded that the subcommittee had denied the governor's proposed structure change, which would have renamed the existing appropriation from "Alaska Permanent Fund Corporation, Juneau Office" to simply "Alaska Permanent Fund Corporation." He explained that the current budget retained the "Juneau Office" label and that the proposed amendment added a separate appropriation for the Anchorage office. The amendment would accomplish the intended structural change if it passed.

Representative Stapp understood that the legislature had taken similar action the previous year, yet APFC had proceeded with the Anchorage office anyway. He asked what would prevent the corporation from doing the same thing in the current year.

Mr. Painter responded that in the prior year, the governor had vetoed the appropriation for the Anchorage office. As a result, there was no funding designated for the Anchorage office. Despite the lack of funding, the corporation had maintained the Anchorage office by utilizing funds from the appropriation labeled "Juneau Office." He stated that unless there was litigation to prevent it, the corporation could choose to do the same again in the current year.

Co-Chair Josephson asked whether the governor's actions indicated support for the amendment. He clarified that the governor had vetoed the \$100 appropriation for the Anchorage office in the prior year and left the decision to the discretion of the corporation.

Representative Stapp MOVED conceptual Amendment 1 to Amendment N 85. The amendment would delete the word "decommission" and replace "office" with "offices." He asserted that the new language would direct the corporation to open offices in Fairbanks, Nome, Toksook Bay, and Ketchikan.

Representative Johnson added Palmer to the list.

Representative Allard added Eagle River to the list.

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Representative Hannan OBJECTED for discussion.

Co-Chair Josephson stated that he hoped that debate on the conceptual amendment would be brief. He thought the original amendment was clear and straightforward.

Representative Johnson thought that the amendment underscored concerns about the legislature's role in determining where APFC could operate. The legislature had not authorized the Anchorage office in the first place she was concerned that if one unauthorized office could be opened, others might follow, even outside Alaska. She thought the core issue was whether the administration could disregard the legislature's intent. She indicated that the legislature's primary power was the power of appropriation, and if that was ignored, the legislature would lose its ability to provide oversight. She relayed that she would support the conceptual amendment and noted that Palmer might offer attractive amenities to draw talent to the

corporation. She expressed confidence that each committee member could speak similarly about the value of their own communities.

Representative Stapp stated that he thought the point he intended to make had been understood.

Representative Stapp WITHDREW conceptual Amendment 1 to Amendment N 85.

2:06:09 PM

AT EASE

2:07:11 PM

RECONVENED

Co-Chair Josephson stated that Amendment 85 was paired with Amendment L 2, which involved structural changes and intent language. He noted that the committee was considering Amendment N 85 as originally written.

Representative Hannan stated that the issue at hand extended beyond a one-year dispute. She reiterated that APFC had opened an Anchorage office without prior legislative approval. The corporation had the funds and opened the office unilaterally, then returned the following year requesting legislative funding for the office. She noted that a commissioner on the APFC board had made it appear as though there would be no cost to the state. However, the board still requested money, which the legislature denied on the basis that the office had already been opened without prior approval.

Representative Hannan stressed that the issue reflected a disregard for the legislative appropriation process. The board had requested increments in other areas while simultaneously opening an office with unallocated funds. She characterized the action as a "bait and switch" and stated that similar issues had arisen with other agencies. She asserted that the legislature must be clear that its appropriation authority mattered, particularly when agencies proceeded without prior approval and then sought reimbursement. She stated that she would support the amendment.

Representative Allard recalled that she had asked for a job description for a new position the corporation wanted to

fund at \$392,000. She thought that if the position had been truly important, the corporation would have provided a job description to justify the funding request. She thought a conceptual amendment would be appropriate since the corporation had failed to provide a job description but continued to return to the legislature with various funding requests while disregarding legislative authority.

Co-Chair Josephson asked Representative Allard to state the conceptual amendment.

Representative Allard MOVED to ADOPT conceptual Amendment 2 to Amendment N 85. She explained that the amendment would cut \$392,000 related to a position for which APFC had requested funding but failed to provide a job description.

Co-Chair Schrage OBJECTED.

[2:10:26 PM](#)

Representative Johnson recalled that the board had initially stated the position could be located in either Juneau or Anchorage, but that when pressed further, it had clarified that it would most likely be located in Anchorage. She did not think it was a far stretch to say that if the state did not intend to maintain an Anchorage office, perhaps it should not authorize an Anchorage-based employee. However, she was uncertain whether she would ultimately support the conceptual amendment.

Representative Galvin stated that she would not support the conceptual amendment. She acknowledged the concerns related to the Anchorage office and the lack of prior legislative authorization, but she emphasized that APFC staff were responsible for managing the state's investments. She stated that investment work was highly specialized and required significant expertise, and that such employees commanded high compensation, including salaries, benefits, and bonuses. She noted that while the compensation appeared high, so were the returns the staff generated. She relayed she was not prepared to remove a position at this time.

Representative Stapp commented that if the position in question was intended to be based in Anchorage and the committee intended to shut down the Anchorage office, it would logically follow that the position should not be funded. He understood that much of the corporation's

funding came from fees charged directly against the Permanent Fund. He did not necessarily believe APFC had done an excellent job in managing the fund in recent years considering the fund had underperformed compared to other investment benchmarks. He stated that he was unfamiliar with the specific duties of the position in question and requested clarification on whether it was intended to be based in Juneau or Anchorage.

Representative Bynum stated that while he did not disagree that the position might not be necessary if the Anchorage office was closed, he believed the conversation had begun to delve too deeply into the operational decisions of APFC. He thought that if the committee wanted to evaluate how the corporation functioned, it should dedicate meaningful time to an evaluation. He stated that the legislature had an obligation to ensure that all agencies clearly explained how and why they spent funds and what performance outcomes resulted from the expenditures. He expressed concern that the legislature might be overreaching by attempting to micromanage decisions such as the office location or staffing of the corporation.

Representative Bynum acknowledged that the state wanted a world-class investment organization and noted that attracting top-tier talent likely required offering competitive positions in locations more appealing to professionals. He stated that he appreciated the conceptual amendment, but he was unsure whether he would support it because he believed the issue reflected a much broader set of concerns about the corporation's performance and legislative expectations. He did not think the \$300,000 position would fix the problems. He relayed that resolving the broader concerns would require a deeper and more strategic review of how the corporation functioned and whether the state was satisfied with the services it provided.

[2:15:24 PM](#)

AT EASE

[2:15:57 PM](#)

RECONVENED

Co-Chair Josephson stated that he wanted to share some information he had received. He confirmed that his staff had reviewed email correspondence sent to members of the

committee by Mr. Deven Mitchell from APFC on February 27, 2025, and March 10, 2025 (copy on file). He noted that Mr. Mitchell had been asked to provide a line-item breakdown of the percentage increase in the corporation's budget year over year. In the February 27 response, Mr. Mitchell had written that the \$392,000 in question reflected the salary and benefits requested for a new private income portfolio manager. According to the response, the amount was within a competitive range for investment management professional talent. The duties of the position would include identifying, analyzing, selecting, monitoring, and managing infrastructure, private credit, income opportunities, fund investments, co-investments, and direct investments into operating companies.

Co-Chair Josephson added that the second communication that was sent on March 10 had been forwarded to members of the committee. He relayed that Mr. Mitchell had answered the questions regarding the purpose and cost of the position. He did not want to second-guess Mr. Mitchell's assessment of the appropriate salary range. He reiterated that the response indicated the compensation was in line with what was typical in the field. He hoped the information was helpful to members.

Representative Allard responded that she may have missed the communication referenced by Co-Chair Josephson, but the issue was not about whether the individual in question was worth the \$392,000. She stated that the real concern was the lack of clarity around the location of the office and that the position had been proposed without any confirmed physical office space. She reiterated that the committee should not approve funding for a position when it remained unknown where the individual would be based. She maintained that it was the responsibility of the committee to scrutinize spending, particularly when taxpayer dollars were involved. She added that if the location of the office were later resolved, the corporation could return to the legislature with a revised request aligned with the legislature's guidance.

Co-Chair Schrage MAINTED the OBJECTION.

[2:19:30 PM](#)

A roll call vote was taken on the motion to ADOPT conceptual Amendment 2 to Amendment N 85.

IN FAVOR: Johnson, Stapp, Allard, Tomaszewski, Bynum
OPPOSED: Galvin, Hannan, Jimmie, Schrage, Foster, Josephson

The MOTION FAILED (5/6).

[2:21:16 PM](#)

Representative Johnson remarked that while the legislature appropriated funding for APFC, the funds came from the Permanent Fund's Earnings Reserve Account (ERA). She understood that there had been some interest in decoupling the legislature's appropriation authority from APFC's operations, but she thought the amendment was an important early step in maintaining oversight. She reiterated that she felt strongly that legislature needed to maintain oversight.

Representative Tomaszewski asked for clarification on what the amendment would accomplish.

Representative Stapp stated that he believed the broader issue at hand was the legislature's approach to staffing within APFC. He asserted that the legislature must decide whether to prioritize investment performance and allow employees to live where they needed to in order to achieve the best returns, or to continue requiring employees to live in Alaska. He indicated that he personally did not object to Anchorage-based staff but he thought the corporation needed to receive approval before making such decisions. He suggested that if the best investment managers lived in other states, Alaska should consider allowing positions to be located in other states instead of insisting the positions be based in Alaska.

Co-Chair Josephson noted that the governor had been within his rights to strike the appropriation for the Anchorage office in the prior year. He relayed that there was a legal precedent and some uncertainty as to whether the governor could veto a structural provision. However, the governor was within his rights to veto an amount and an item. He noted that in the past, the governor had exercised discretion in vetoing some items while allowing others to remain. He thought that the amendment reflected the will of the legislature because it had not authorized the commissioning of an Anchorage office.

[2:23:01 PM](#)

A roll call vote was taken on the motion.

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

OPPOSED: Stapp, Allard, Tomaszewski

The MOTION PASSED (8/3). There being NO further OBJECTION, Amendment N 85 was ADOPTED.

[2:23:56 PM](#)

Representative Stapp MOVED to ADOPT Amendment N 42 (copy on file):

Agency: Corrections
Appropriation: Administration and Support
Allocation: Office of the Commissioner

Transaction Details
Title: Zero-Based Budgeting for Agency
Wordage Type: Intent
Linkage: Agency - Corrections

Wordage
It is the intent of the legislature that the Commissioner submit a report by December 20, 2025 to the Co-chairs of the Finance committees and to the Legislative Finance Division that encompasses a Zero-Based Budget. The report must include an analysis and justification for every position and expense.

Explanation
During difficult fiscal times, it is necessary for the Legislature to look at the entire budget, down to the minute details, in search of government efficiencies. Zero-Based budgeting, where a department must justify all expenses from zero, improves accountability and optimizes cost management. Recognizing that such a dramatic shift in how we prepare our budget within one year would cause significant issues, this language provides for the Department of Corrections to serve as a pilot for this style of budgeting.

Co-Chair Schrage OBJECTED.

Co-Chair Josephson confirmed that there was no objection to the committee taking up Amendment N 42, only to the content of the amendment itself.

2:24:43 PM

AT EASE

2:25:06 PM

RECONVENED

Co-Chair Josephson announced that the committee had decided not to take any items out of order. He confirmed that Amendment N 86 was next.

Representative Stapp WITHDREW Amendment N 42 with the anticipation that he could bring it back up at a later date.

Representative Stapp MOVED to ADOPT Amendment N 86 (copy on file):

Agency: Revenue
Appropriation: AK Housing Finance Corporation
Allocation: AK Sustainable Energy Corp

Transaction Details
Title: Add Funds for the Alaska Housing Finance Corporation for Oil to Gas Changeout Initiatives
Section: Section 1
Type: Inc

Line Items (Amounts are in thousands)

Personal Services:	0.0
Travel:	0.0
Services:	0.0
Commodities:	0.0
Capital Outlay:	0.0
Grants:	6,000.0
Miscellaneous:	0.0
	6,000.0

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

Funding (Amounts are in thousands)

1002 Fed Rcpts	5,000.0
1140 AIDEA Div	1,000.0

Explanation

In 2009, the U.S. Environmental Protection Agency (EPA) designated the more populated portions of the Fairbanks North Star Borough (FNSB) as a nonattainment area for PM2.5 air pollution. Since that time, the FNSB, the State of Alaska, and Interior Gas Utility (IGU) have worked to expand natural gas availability and usage as part of the Interior Energy Project. The continued success of this project is critical, as sustained residential conversions to natural gas are directly tied to long-term air quality improvements and public health benefits.

One of the most effective strategies for reducing PM2.5 and SO2 emissions is incentivizing the conversion of heating oil systems to natural gas appliances, as recommended by the Air Quality Stakeholders Group. The FNSB still has funds available through the federal Targeted Airshed Grants, which provide up to \$7,500 per conversion. However, this amount is far below the typical residential conversion cost of approximately \$25,000, leaving a substantial financial gap that many low- to medium-income households simply cannot afford. Without additional funding, the high upfront cost remains a significant barrier, preventing widespread adoption of natural gas and limiting the program's effectiveness in improving air quality.

Co-Chair Josephson OBJECTED for discussion.

Representative Stapp explained that recent changes at the federal level had affected the Sustainable Energy Transmission and Supply (SETS) grants. He explained that SETS grants were used for various purposes, including weatherization and housing improvements. The amendment proposed using a portion of the Alaska Industrial Development and Export Authority (AIDEA) dividend to set aside funds specifically for air quality improvements, including particulate matter [PM2.5] mitigation and weatherization efforts. The dividend was currently paid to the state and administered by AIDEA for the purpose of SETS grants. He stated that the goal was to leverage state dollars with federal SETS funds to provide financial

incentives that would help Alaskans more easily afford weatherization conversions.

Co-Chair Josephson asked whether the anticipated federal funds would still be available, given that the new presidential administration did not support climate science.

Representative Stapp responded that he would not necessarily characterize the new administration as denying climate science. He acknowledged that he could not say with certainty whether all federal funds would continue to be available. He added the state would be negatively impacted if federal dollars were significantly reduced, as a large portion of Alaska's budget came from federal sources.

Co-Chair Josephson stated that he agreed that Alaska would be negatively impacted. He asked whether the AIDEA funds would be unavailable to be used for SETS purposes. He relayed that the AIDEA dividend could currently be spent for any purpose and was similar to UGF.

Representative Stapp confirmed that the AIDEA dividend was paid into the general fund and that the amount was determined annually by the corporation. He stated that technically, the legislature could request a higher dividend from AIDEA. He asserted that using the AIDEA dividend as the funding source was appropriate and logical because AIDEA already worked with SETS grants and was familiar with how the grant programs operated.

[2:28:39 PM](#)

Representative Galvin thought that the committee needed more information before approving the increment due to its size. She asked for an explanation of the breakdown between the \$1 million and \$5 million amounts listed in the amendment, noting that the total appeared to be \$6 million. She also asked how the amount was determined, how many homes were expected to be converted through the program, and whether the mandate requiring conversions had already been passed into law. She asked for the average cost to convert one home. She noted that some residents used various energy sources and she wanted to know how many households would be eligible. She emphasized the importance of understanding the timing of the expenditure, and whether the funds were actually needed in FY 26. She would prefer

to delay the appropriation until the next fiscal year if the funds were not immediately necessary.

Representative Bynum stated that he did not have any objections to the amendment. He noted that the amendment did not utilize UGF and instead relied on federal receipts and AIDEA dividend dollars. He asked if the funding was limited to natural gas conversions or if other available technologies would also qualify under the program. He clarified that his support for the amendment did not hinge on the answer, as he believed it was good for the environment, the community, and the ratepayers. He also asked whether a multi-year appropriation authority would be available for the funding.

Representative Jimmie asked whether the program would also be available to rural homeowners if gas became available in rural communities.

[2:32:05 PM](#)

Representative Stapp responded that the amendment was not region-specific and that the answer to Representative Jimmie's question was yes. He explained that the funding would be administered by the Alaska Housing Finance Corporation (AHFC) and would be available to any eligible applicant. He added that there was a distinction between actual dollars and the authority to receive federal receipts, and that SETS grants fell into the latter category. He explained that SETS grants were used for a wide range of purposes and AIDEA already had experience administering the grants, which was why the AIDEA dividend was selected as the fund source. He stated that the amendment was designed to build on AHFC's existing programs and grant mechanisms.

Representative Stapp responded to Representative Galvin by stating that there was no law requiring homeowners to convert from oil to natural gas boilers. He explained that in Fairbanks, no homeowner was presently compelled to replace their oil boiler, but such conversions could be necessary over time. He added that in many communities, residents understood that natural gas was typically cheaper and cleaner than oil. He emphasized that the funding was intended to assist low-income and middle-income families who would otherwise be unable to afford upgrades. He indicated that while he could not specify how AHFC would

structure the grant program, the amendment's intent was to support families in improving their home weatherization and energy efficiency.

2:34:16 PM

AT EASE

2:35:18 PM

RECONVENED

Co-Chair Josephson noted that there had been discussion during the at ease regarding the geographic application of Amendment N 86.

Representative Hannan stated that she did not feel she had the information she needed to decide on the amendment. She understood that the amendment specifically proposed assistance for residents converting from oil to gas. She expressed concern about encouraging increased gas use in Anchorage which already had a gas shortage. She did not think the legislature would want to encourage more people to convert to gas and she questioned whether the message aligned with the state's gasline initiative. She noted that while Fairbanks had gas delivered by truck, other regions of the state were adopting alternatives, including heat pumps, which offered a viable transition away from diesel. She asserted that while the amendment was described as non-exclusive to Fairbanks, its focus on gas conversions made it functionally narrow in scope. She expressed concern that the amendment did not address the highest-cost energy users or the broadest opportunities for meaningful energy savings.

Representative Stapp responded that a conceptual amendment could address Representative Hannan's concerns. He proposed that the title of the amendment could be modified to include language such as "or any other type of system that looks to lower energy costs." He was unsure whether SETS grant funding would be available for all technologies, but thought it was a broad program and it might allow for such uses. He indicated that he would support a conceptual amendment if one was offered.

Representative Bynum noted that the state Department of Environmental Conservation (DEC) had reported that 80 percent of households in the Fairbanks area used heating oil, and 40 percent relied on it exclusively. He explained

that the amendment included an estimated \$7,500 in assistance per household and could assist up to 800 homes. He emphasized that even if none of the funding reached Southeast Alaska for heat pump installation, he would still support the amendment because it benefited Alaskans and the environment by reducing heating costs and emissions.

[2:38:55 PM](#)

Representative Galvin asked for clarification on the source of the funds. She pointed out the amendment listed AIDEA dividends as the fund source, which flowed into the general fund and were considered UGF. She understood that the total dividend to the state in the current year was approximately \$20 million, of which \$1 million would be redirected under the amendment. She emphasized that the amendment represented an active budget choice and members should understand the full context.

Co-Chair Josephson asked Mr. Painter to respond to the question. He asked if Mr. Painter agreed that AIDEA receipts could be spent elsewhere as UGF dollars.

Mr. Painter responded that the fund source code in question referred specifically to the AIDEA dividend declared by AIDEA's board. He confirmed that the dividend counted as UGF. He added that AIDEA's receipts had a separate fund code that was eligible in other fund sources.

[2:40:25 PM](#)

AT EASE

[2:54:48 PM](#)

RECONVENED

Co-Chair Josephson reminded members that Amendment N 86 was before the committee. He asked if the sponsor had additional comments.

Representative Stapp replied that he was ready to vote.

[2:55:22 PM](#)

A roll call vote was taken on the motion to ADOPT Amendment N 86.

IN FAVOR: Tomaszewski, Bynum, Stapp, Johnson, Allard

OPPOSED: Hannan, Jimmie, Galvin, Schrage, Foster, Josephson

The MOTION FAILED (5/6).

[2:56:13 PM](#)

Representative Hannan did not offer Amendment N 87 (copy on file).

Representative Jimmie did not offer Amendment N 88 (copy on file).

Representative Jimmie did not offer Amendment N 89 (copy on file).

Co-Chair Josephson did not offer Amendment N 90 (copy on file).

Representative Stapp MOVED to ADOPT Amendment N 91 (copy on file). [Due to the length of the amendment, please see the copy on file for details.]

Representative Hannan OBJECTED.

Representative Stapp explained that the amendment would decrement a portion of the University of Alaska's (UA) budget by reducing funding allocated for recruitment and retention. He stated that the amendment would redirect \$500,000 of the funding to behavioral health grants. He relayed that the rationale for the change appeared on pages 2 and 3 of the amendment, with specific breakdowns for the Anchorage, Fairbanks, and Southeast campuses. He stated that the funds would support the UA Care Team, which assisted students with behavioral health concerns affecting their overall well-being.

Representative Stapp noted that the university continued to face challenges in the post-COVID-19 world as it attempted to address growing mental health needs among students. He explained that the amendment would reduce the budget by \$1 million and direct \$500,000 of the reduction toward behavioral health appropriations across campuses. He stated that he remained open to conceptual amendments.

[2:58:32 PM](#)

Representative Galvin expressed appreciation for Representative Stapp's work with the university to increase behavioral health access for students across all campuses in Alaska.

Representative Galvin MOVED conceptual Amendment 1 to Amendment N 91.

Co-Chair Josephson OBJECTED for discussion.

Representative Galvin explained that the conceptual amendment would reduce the overall decrement by \$500,000. She noted that it would preserve more funding for recruitment and retention while maintaining the \$500,000 allocation for behavioral health.

Co-Chair Josephson asked for confirmation that the original amendment reduced university funding by \$3 million, with \$500,000 redirected to student mental health.

Representative Galvin responded in the affirmative.

Co-Chair Josephson understood that the amendment would change the total to \$2.5 million for recruitment and retention and with \$500,000 diverted to mental health. He asked for confirmation on what the total amount would be if the conceptual amendment were to pass.

Representative Galvin noted that there was an upcoming amendment that was related to the same topic. She explained that under the conceptual amendment, \$500,000 would still be directed to behavioral health services across multiple campuses. She emphasized that the amendment would help ensure that behavioral health services were available. She thanked Representative Stapp for his collaboration with the university and for ensuring that the amendment targeted specific goals.

Co-Chair Josephson asked for confirmation that the conceptual amendment would leave \$2 million in funding for recruitment and retention instead of \$2.5 million.

Representative Galvin responded in the affirmative. She stated that the intent was to restore the recruitment and retention amount to its original funding level. She explained that \$2.5 million would support recruitment and

retention, while \$500,000 would go toward improving student access to mental health services.

Co-Chair Josephson asked for confirmation that Representative Stapp had proposed to cut \$1 million and then add back \$500,000 for behavioral health.

Representative Stapp responded that if the conceptual amendment were adopted, it would effectively streamline what the UA finance subcommittee had already proposed in the subcommittee's budget. He stated that adoption of the conceptual amendment would not alter the overall funding amount. He clarified that the underlying amendment would have reduced the total appropriation by \$500,000 if adopted on its own.

[3:02:23 PM](#)

Representative Bynum understood that the UA subcommittee had increased the total allocation for recruitment, retention, and behavioral health to \$3 million. He thought that the original amendment proposed to decrement the amount from \$3 million to \$2 million, with \$500,000 redirected to behavioral health. He clarified that the conceptual amendment would instead retain \$2.5 million for recruitment and retention and allocate \$500,000 to behavioral health, which reflected the total funding originally allocated to both purposes. He understood that the conceptual amendment added more detailed guidance on how the behavioral health funds would be allocated.

Co-Chair Josephson WITHDREW the OBJECTION. There being NO further OBJECTION, conceptual Amendment 1 to Amendment N 91 was ADOPTED.

Co-Chair Josephson stated that the committee was considering Amendment N 91 as amended.

[3:03:51 PM](#)

Representative Stapp reiterated that the amendment as amended would direct \$500,000 in behavioral health funding to each campus based on the requests outlined in the amendment. He stated that he had nothing further to add.

[Although not explicitly stated, the objection to the underlying amendment was withdrawn.]

Co-Chair Josephson asked if there was any remaining objection. There being NO further OBJECTION, Amendment N 91 as amended was ADOPTED.

[3:04:32 PM](#)

AT EASE

[3:05:22 PM](#)

RECONVENED

Representative Bynum MOVED to ADOPT Amendment N 92 (copy on file):

Agency: University of Alaska
Appropriation: University of Alaska
Allocation: Systemwide Reduction/Additions

Transaction Details

Title: Reverse Recruitment, Retention, and Graduation
Funding Increment
Section: Section 1
Type: Dec

Line Items (Amounts are in thousands)

Personal Services:	0.0
Travel:	0.0
Services:	0.0
Commodities:	0.0
Capital Outlay:	0.0
Grants:	0.0
Miscellaneous:	-3,000.0
	-3,000.0

Positions

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

Funding (Amounts are in thousands)

1004 Gen Fund	-3,000.0
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Explanation

Reduce the cost of State support for the University of Alaska to the Governor's proposed funding level.

Representative Stapp OBJECTED.

Co-Chair Josephson asked if Representative Stapp wanted to speak to the objection.

Representative Stapp responded that he thought his objection was self-explanatory based on his previous amendment.

Representative Bynum explained the amendment. He believed there was a structural issue with Amendment N 92 following the adoption of Amendment N 91 as amended.

Representative Bynum MOVED conceptual Amendment 1 to Amendment N 92. The conceptual amendment would change the proposed decrement from \$3 million to \$2.5 million.

Representative Stapp stated that the conceptual amendment needed to be adopted in order to properly debate the underlying amendment based on the committee's previous action. He indicated that he would not object to the conceptual amendment.

[3:06:45 PM](#)

AT EASE

[3:08:55 PM](#)

RECONVENED

Co-Chair Josephson asked Representative Bynum to confirm the amount of the proposed decrement.

Representative Bynum stated that Amendment N 92 was originally a decrement of \$3 million. He noted that the committee had just passed Amendment N 91 and explained that the conceptual amendment would conform Amendment N 92 to reflect the action. He clarified that if the conceptual amendment were adopted, Amendment N 92 would become a decrement of \$2.5 million rather than \$3 million, which would preserve full funding for the allocation made in Amendment N 91. He stated that the conceptual amendment was solely intended to conform Amendment N 92 with the action taken on Amendment N 91, after which the committee could discuss the merits of retaining the \$2.5 million for recruitment and retention.

Co-Chair Josephson asked if there was any discussion on the conceptual amendment. There being NO OBJECTION, conceptual Amendment 1 to Amendment N 92 was ADOPTED.

Representative Bynum explained that he brought forward Amendment N 92 because the committee was using \$2.5 million in UGF for recruitment and retention purposes. He relayed that he had significant concerns with using UGF to hire university recruiters whose efforts would generate approximately the same amount of tuition revenue as the state was investing, at least in the first year. He questioned whether it would be more beneficial to provide scholarship opportunities directly to Alaskans or to individuals interested in attending UA, rather than spending general fund dollars on recruitment efforts that were projected to produce a comparable return in tuition. He thought that if the university wanted to use funds for recruitment with the intention of recouping the same dollars in tuition revenue, it should do so using its own internal funds.

Representative Bynum clarified that he did not object to the university engaging in recruitment activities, but to the university using UGF for recruitment activities. He asserted that subsidizing the university's recruitment efforts was not a good use of UGF. He reiterated that if the university wanted to prioritize recruitment, it should do so using university funds.

Co-Chair Josephson added that the university had already retained a consultant who had identified a pathway to generate more tuition revenue and increase the number of degreed Alaskans.

[3:12:31 PM](#)

AT EASE

[3:18:32 PM](#)

RECONVENED

Representative Bynum asserted he would prefer to see UGF allocated toward scholarships, which he believed would more directly result in increased enrollment in the UA system. He expressed hope that he had clearly communicated his position, which was that funds appropriated to the university should be spent wisely. He clarified that he did not believe recruitment was necessarily an unwise

expenditure, but that university receipts should be used rather than UGF. He reiterated that he would prefer to see UGF used for scholarship programs. He acknowledged that the amendment was not about creating a scholarship program and he was not attempting to establish a scholarship program.

Representative Bynum WITHDREW Amendment N 92.

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

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

[3:19:44 PM](#)

Co-Chair Josephson explained the agenda for the following day. The committee would resume its consideration of the remaining amendments at its morning meeting and would take up HB 78 in the afternoon. He noted that the committee would resume work on amendments following the HB 78 presentation if necessary.

Representative Stapp asked for confirmation that the committee would be taking up HB 78 because testifiers had flown into town to present on the bill.

Co-Chair Josephson responded in the affirmative.

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ADJOURNMENT

[3:21:24 PM](#)

The meeting was adjourned at 3:21 p.m.