

**ALASKA STATE LEGISLATURE
HOUSE TRANSPORTATION STANDING COMMITTEE**

January 27, 2026

1:01 p.m.

MEMBERS PRESENT

Representative Ashley Carrick, Co-Chair
Representative Ted Eischeid, Co-Chair
Representative Genevieve Mina
Representative Louise Stutes
Representative Kevin McCabe
Representative Steve St. Clair
Representative Garret Nelson

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

PRESENTATION(S) : MATCH FUNDS AND IMPACTS OF VETOES ON PROJECTS

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

RYAN ANDERSON, Commissioner
Department of Transportation & Public Facilities
Juneau, Alaska

POSITION STATEMENT: Co-offered a presentation, titled "Match Funds and Impacts of Vetoes on Projects."

DOM PANNONE, Director
Division of Program Management and Administration
Department of Transportation & Public Facilities
Juneau, Alaska

POSITION STATEMENT: Co-offered a presentation, titled "Match Funds and Impacts of Vetoes on Projects."

KATHERINE KEITH, Deputy Commissioner
Office of the Commissioner
Department of Transportation & Public Facilities

Juneau, Alaska

POSITION STATEMENT: Co-offered a presentation titled, "Match Funds and Impacts of Vetoes on Projects."

ACTION NARRATIVE

[1:01:33 PM](#)

CO-CHAIR TED EISCHEID called the House Transportation Standing Committee meeting to order at 1:01 p.m. Representatives Stutes, Nelson, McCabe, Mina, St. Clair, Carrick, and Eischeid were present at the call to order.

PRESENTATION(S): Match Funds and Impacts of Vetoes on Projects

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CO-CHAIR EISCHEID announced that the only order of business would be the Match Funds and Impacts of Vetoes on Projects presentation.

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RYAN ANDERSON, Commissioner, Office of the Commissioner, Department of Transportation & Public Facilities (DOT&PF), gave a PowerPoint presentation, titled "Match Funds and Impacts of Vetoes on Projects" [hard copy included in the committee file], beginning on slide 2, "FFY 2025 Project Delivery Program Review", which demonstrated a map of the 148 projects under construction in 2025. Slide 2 also listed the focused infrastructure areas and included a chart showing contract awards, payments, and obligations per federal fiscal year (FFY) since 2022. Commissioner Anderson stated that DOT&PF would like to follow through with the legislature's goals of getting more projects out and noted that there are tools online for the public to see current construction schedules.

MR. ANDERSON moved to slide 3, "FFY2025 Project Delivery Program Review," which showed a graph of overall contract awards for each of the last four years, with 2025 receiving the highest. There were \$897,230,167 in contract awards in FFY 2025. The chart broke down the awards by type, including marine facilities, highways, aviation, and public facilities.

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COMMISSIONER ANDERSON, in response to a question from Co-Chair Eischeid, stated that awards for the Alaska Marine Highway System (AMHS) primarily came from other funding sources in 2025.

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COMMISSIONER ANDERSON moved to slide 4, which showed a graph of Federal Highway Administration (FHWA) funds obligated per FFY between 2019-2025. He noted that 2025 was the year with the highest obligations on record.

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COMMISSIONER ANDERSON, in response to a question from Co-Chair Eischeid, described the process for funds to become obligated.

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COMMISSIONER ANDERSON, in response to a series of questions from Representative Stutes, stated that the Cascade Point project utilized state funds, which have different requirements than federal funds, and he described a process called design-build that was employed for this project. He noted that funds must first be secured before awarding a contract. He stated that the construction of the Cascade Point project was subsequent to vetoes so the funding was already secured.

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DOM PANNONE, Director, Division of Program Management and Administration, Department of Transportation & Public Facilities, added that the appropriations were already in hand at the start of the Cascade Point project, in accordance with statute. A contract was then made with design-build for the final amount.

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MR. PANNONE, in response to a question from Representative Mina, explained that the August redistribution allows DOT&PF to access the funds that are put in a federal savings account every year. Because there were less August redistribution funds in 2024, DOT&PF had access to more of those funds in 2025.

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COMMISSIONER ANDERSON, in response to a series of questions from Representative McCabe, stated that although DOT&PF's goal is uninterrupted project delivery, funding changes can cause project delays. He said that funding changes caused the restart of the Knik Goose Bay (KGB) road project. He said that in 2023, Governor Mike Dunleavy signed a memorandum of understanding with Goldbelt Heritage Foundation, recognizing the joint benefit of Cascade Point, which initiated collaboration between the foundation and DOT&PF. He said that he hopes this partnership will inspire future partnerships as well. Commissioner Anderson emphasized how expensive AMHS is to run, explaining that longer roads with shorter ferry routes would reduce operational costs.

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COMMISSIONER ANDERSON, in response to a question from Co-Chair Carrick, stated that since 2023, DOT&PF has spent about \$4.5 million on Cascade Point. He said he does not have the date of the design-build solicitation, which occurs when a project is "shovel ready."

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MR. PANNONE noted that DOT&PF did have obligations against the appropriation. The balance of the obligation was encumbered when DOT&PF finalized the design-build contract, which occurred before the vetoes.

CO-CHAIR CARRICK asked how a design-build contract differs from an obligation on a project.

MR. PANNONE responded that DOT&PF had a contract in place at that point and that once a contract is signed, funds are encumbered and obligated.

COMMISSIONER ANDERSON added that encumbrance through the contract secures the funds.

CO-CHAIR CARRICK asked about the Alaska Marine Highway Operations Board's (AMHOB's) letter of opposition to the Cascade Point project.

COMMISSIONER ANDERSON responded that AMHOB recognizes the importance of shortening routes and has spoken against Cascade Point.

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REPRESENTATIVE STUTES stated that the way Cascade Point is moving forward is disgusting, particularly the disregard of AMHOB's opposition to the project.

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COMMISSIONER ANDERSON, in response to a question from Representative St. Clair, briefly explained the steps between securing funds and putting a project out to bid, which differs between agencies.

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COMMISSIONER ANDERSON, in response to a question from Representative McCabe, stated that design-build has been around for a while.

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COMMISSIONER ANDERSON moved to slide 5, which showed a graph of funds obligated by FFY for airports between 2019-2025. He noted that 2025 was a record year for the DOT&PF's airport program with \$321.4 million in airport grants secured in FFY 2025.

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COMMISSIONER ANDERSON, in response to a question from Co-Chair Eischeid, stated that this year DOT&PF will be going through surface transportation reauthorization where funding will be renegotiated.

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COMMISSIONER ANDERSON moved to slide 6, which showed a graph of advance construction (AC) and AC conversion by FFY from 2019-2025. He spoke about the advantages of AC, which allows projects to begin immediately when shovel ready.

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COMMISSIONER ANDERSON, in response to a series of questions from Co-Chair Eischeid, said that a disadvantage of AC is the balance that needs to be paid in the future, which DOT&PF is always looking for opportunities to pay off. He added that there is no charge assessed on the state from FHWA for using AC and that there is no interest charge like a credit card. Commissioner

Anderson stated that there is a process to approve a project for AC.

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COMMISSIONER ANDERSON, in response to a question from Co-Chair Carrick, explained that a project must undergo the same processes of certifications, whether or not AC funds are being used.

CO-CHAIR CARRICK asked if contractors experience increased risk of not being paid when AC is used on a project.

MR. PANNONE explained that using AC for a project does not put the contractor at any additional risk. He said that there is virtually no risk to the state either.

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MR. PANNONE, in response to a question from Representative McCabe, stated that there is no cap on AC funding. The DOT&PF cycles projects through because once a project has completed construction, there is a conversion timeline, and cycling keeps expenditures down on the reauthorization process.

COMMISSIONER ANDERSON added that contract authority is portioned out over the year. AC allows DOT&PF to bid on a project before receiving contract authority.

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COMMISSIONER ANDERSON, in response to a question from Co-Chair Eischeid, stated that since the pandemic, inflation has affected the cost of projects. He said AC has been a tool to still carry out those inflated projects

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MR. PANNONE, in response to a question from Co-Chair Carrick, stated that DOT&PF must have the federal match funds at the time of AC. He explained the mechanics of the funding.

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COMMISSIONER ANDERSON, in response to a series of questions from Representative Stutes, stated that DOT&PF has enough match funds through July 1, but not enough to fund projects for the

remainder of the year. He explained that projects that DOT&PF bids now were obligated two months ago. He said that DOT&PF is not concerned about the funding for projects after July 1, but this means that there could be fewer projects on the street later in the construction season.

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MR. PANNONE, in response to a question from Co-Chair Carrick, said that when DOT&PF awards and enters a contract, it has the full amount of funds in its account or full AC authorizations. He emphasized that contractors are not at risk of DOT&PF not being able to pay.

COMMISSIONER ANDERSON agreed that after July 1, DOT&PF cannot award more contracts. He said that is the problem. He explained that DOT&PF obligates funds first and then bids once the funds are secured. So, funds could neither be obligated nor bid after July 1.

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COMMISSIONER ANDERSON, in response to a series of questions from Representative Stutes, said that certainty is a good thing for the federal programs but noted that the August redistribution is an unknown until August. He reiterated that DOT&PF has enough match funds to make it through its project load until July 1 and that certainty is a good thing.

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COMMISSIONER ANDERSON, in response to a series of questions from Representative McCabe, said that the governor submitted a supplemental bill for the match that DOT&PF would need through July 1. He said if DOT&PF receives those funds, there should be no disruption in workflow. He said that contractors are also looking for certainty about their planning, so they are also being affected by this unknown.

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CO-CHAIR EISCHEID asked if an earlier supplemental bill would help contractors execute the jobs that DOT&PF is asking of them.

COMMISSIONER ANDERSON responded that DOT&PF is projecting that starting July 1, it will bid on projects that would utilize the

additional match funds. He said that he can understand contractors' concerns regarding certainty.

CO-CHAIR EISCHEID stated that he would find it helpful to hear from the contractors early in the session as well to flesh out some of these concerns.

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COMMISSIONER ANDERSON moved to slide 7, "FFY 2026 Construction Pipeline," which showed two graphs: one of infrastructure spending by decade since 1980 and the other of chained index value over time from 2011-2024. He said that DOT&PF is considering inflation trends as it forecasts future projects.

COMMISSIONER ANDERSON moved to slide 8, which showed a chart of forecasted contract awards for FFY 2026. He noted that he added a shovel ready projects piece to more accurately project awards going into the following year.

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MR. PANNONE continued on slide 9, titled "Capital Major Program Expenditures," which showed a chart of expenditures per major program for each of the last three FFYs. He noted that expenditures can come from multiple years of appropriations. He identified the acronyms of each major program listed.

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MR. PANNONE, in response to a question from Co-Chair Eischeid, stated that in the years DOT&PF reduced AC, there may have been fewer contracts.

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COMMISSIONER ANDERSON moved to slide 10, titled "FFY 2026 Fiscal Outlook," which showed that the federal programs total combined investment is about \$1.98 billion, including both surface and air transportation programs. Slide 10 also listed highlights and focuses of both programs.

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MR. PANNONE moved to slide 11, "FFY2026 Project Delivery," which showed a chart of the state fiscal year 2026 (FY 26) capital match summary. He noted that DOT&PF adjusted the statewide

transportation improvement plan (STIP) to reflect the reductions in match funds for the surface transportation program and airport improvement program.

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COMMISSIONER ANDERSON, in response to a question from Co-Chair Carrick, stated that DOT&PF is employing more variable match rates in its programs and he is unaware of Alaska jeopardizing its 9:1 match rate.

[2:01:22 PM](#)

MR. PANNONE moved to slide 12, "FFY2026 Match," which outlined the history of the FFY 26 match.

[2:02:22 PM](#)

COMMISSIONER ANDERSON, in response to a series of questions from Representative Stutes, stated that the public review draft of the new STIP should be published February 13, 2026. He noted that DOT&PF considered amendments from the previous STIP review. He said that because DOT&PF is using a rolling STIP, there is not a federal due date.

[2:04:14 PM](#)

KATHERINE KEITH, Deputy Commissioner, Office of the Commissioner, Department of Transportation & Public Facilities, picked up the PowerPoint on slide 15, which outlined primary events pertaining to STIP since March 27, 2024. She said there have been two amendments since the original STIP approval in 2024 and DOT&PF has been actively working to finalize the next STIP. She highlighted important dates from the rolling STIP process. She said DOT&PF needed to defer about 25 projects with the second STIP amendment because not all funds were appropriated. Due to the constraints on funding, Ms. Keith confirmed that DOT&PF would be reevaluating its priorities pertaining to projects.

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MS. KEITH, in response to a series of questions from Co-Chair Carrick, explained that the rolling STIP does not change DOT&PF processes but offers more opportunities for public engagement and increases the frequency of the process. She noted that DOT&PF has been incorporating its ongoing findings into new

iterations of STIP. Some topics, including the STIP format, are still uncertain. She highlighted that this new STIP should be more straightforward, with more plain language. She stated that FFY 25 saw great improvements in dialogue between DOT&PF and FHWA and described the process of quickly approving the previous rolling STIP. She highlighted that DOT&PF will be publishing a pre-release version of STIP, increasing opportunity for public engagement.

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REPRESENTATIVE MCCABE expressed his belief that the 2024 STIP failure was not fully the fault of DOT&PF.

COMMISSIONER ANDERSON responded that there was a lot of noise about STIP. He highlighted that every year, DOT&PF is growing the program and securing more contract awards, and that DOT&PF stays focused on results.

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CO-CHAIR EISCHEID asked where the idea for the rolling STIP originated.

MS. KEITH responded that several states have implemented a rolling STIP, and DOT&PF reviewed best practices from those other states.

COMMISSIONER ANDERSON highlighted that the State of Alaska won a national award for how it develops its STIP.

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MS. KEITH moved to slide 16, which outlined the developmental process of a rolling STIP. She highlighted that DOT&PF requires cost estimates and considers project eligibility before issuing a new STIP. She moved to slide 17, which listed FHWA recommendations for the 2026-2029 STIP. She said that DOT&PF has a 10-year plan internally to evaluate asset management, which she hopes will be made available to the public soon. She expressed hope to simplify the next rolling STIP and to streamline future amendments.

[2:22:04 PM](#)

MS. KEITH, in response to a question from Co-Chair Eischeid, stated that DOT&PF will be using artificial intelligence (AI) for error prevention.

CO-CHAIR EISCHEID noted that he has never used AI in his professional work.

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MS. KEITH reiterated that at this time, there is not any additional appropriation for the remainder of the match needed for the STIP. To fund the remainder of the program, she said that DOT&PF will be leveraging its ability to use toll credits and AC conversions. She said that paying AC back does not require match funds.

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MS. KEITH, in response to a series of questions from Representative Carrick, said that the goal is to get a STIP out but when more match is available, DOT&PF would go through the amendment process. She said she would like to prepare a list of eligible projects and programs ready that could be included in the next amendment under additional match funds. She said DOT&PF has brainstormed when it should release the next STIP for public comment and that having certainty of what the match funds will be would prevent rework of the STIP in the second amendment phase. She hopes to have no delays in project delivery despite this uncertainty.

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MS. KEITH, in response to a question from Representative Stutes, clarified that DOT&PF can move forward with public comment for STIP, and this would be the approved STIP if there are no changes in match funding.

REPRESENTATIVE STUTES clarified that additional match funds is what would prompt an amendment to STIP.

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MS. KEITH, in response to a series of questions from Representative McCabe, confirmed that rolling STIPs would not necessarily avoid the need for new amendments, explaining that many different factors can require amendments. She said that the procedure he described is still in place for STIP amendments

and that DOT&PF hopes for more flexibility in the STIP amendment process.

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MS. KEITH, in response to a question from Representative Mina, stated that AC changes fiscal constraint requirements; it can allow projects to move forward, so long as federal match funds are available.

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COMMISSIONER ANDERSON moved to slide 19, which listed projects for the 2026-2029 STIP with estimates between \$100 million and \$250 million and with estimates greater than \$250 million. He noted that DOT&PF has more \$100 million projects than it ever had.

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COMMISSIONER ANDERSON, in response to a series of questions from Representative Mina, confirmed that the safety corridor project is part of the Safer Seward Highway project. He described the requirements for the Safer Seward Highway project.

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CO-CHAIR CARRICK asked why the state is pursuing the Cascade Point project in its design-build phase if DOT&PF is short on its match funds. She asked why this project is taking precedence over critical pedestrian safety projects.

COMMISSIONER ANDERSON responded that all projects are priorities and DOT&PF determines priorities based on a project delivery schedule.

CO-CHAIR CARRICK reiterated that the public does not believe its input and the priorities of DOT&PF are aligning.

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COMMISSIONER ANDERSON, in response to a question from Representative McCabe, described DOT&PF's relationship with Goldbelt Heritage Foundation.

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REPRESENTATIVE STUTES asked whose priority Cascade Point is. She stated that Cascade Point is not the priority for the surrounding villages and that the issue has split Juneau, with most of its community opposing the project. She noted that there is AMHS infrastructure falling apart that would be a better place to use funds.

COMMISSIONER ANDERSON said that there is funding for building and certifying 12 or 13 ferry docks. He stated that shorter ferry runs would reduce AMHS operational costs.

REPRESENTATIVE STUTES emphasized that the goal of AMHS is to service Alaskans, not to make money, and that federal funding is running out.

COMMISSIONER ANDERSON said DOT&PF is working on the federal funding issue.

REPRESENTATIVE STUTES asserted that over the last 12 years, the current administration's objective has been to discontinue AMHS.

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COMMISSIONER ANDERSON, in response to a question from Representative McCabe, agreed that the long-term plan is to reduce AMHS operational costs to save money and eventually replace vessels.

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MS. KEITH, in response to a question from Representative Mina, explained the discrepancy between slides showing FHWA funds in 2025, stating that one slide showed all available revenue and the other showed an obligated dollar amount.

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CO-CHAIR CARRICK thanked DOT&PF guests for their presentation and the critical conversation they had. She asked DOT&PF to inform the committee how it can continue to help moving forward.

[2:59:30 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Transportation Standing Committee meeting was adjourned at 2:59 p.m.