

SENATE FINANCE COMMITTEE  
January 27, 2025  
9:00 a.m.

[9:00:34 AM](#)

CALL TO ORDER

Co-Chair Hoffman called the Senate Finance Committee meeting to order at 9:00 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair  
Senator Bert Stedman, Co-Chair  
Senator Mike Cronk  
Senator James Kaufman  
Senator Jesse Kiehl  
Senator Kelly Merrick

MEMBERS ABSENT

Senator Donny Olson, Co-Chair

ALSO PRESENT

Lacey Sanders, Director, Office of Management and Budget;  
April Wilkerson, Deputy Commissioner, Department of  
Corrections.

PRESENT VIA TELECONFERENCE

Diana Thornton, Administrative Services Director,  
Department of Public Safety.

SUMMARY

^GOVERNOR'S PROPOSED BY 26 BUDGET

[9:01:28 AM](#)

LACEY SANDERS, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, (OMB) discussed the presentation, "Overview of the FY2026 Governor's Budget; Senate Finance Committee; January 27, 2025" (copy on file). She pointed to slide 2, "FY 2026 Fiscal Summary."

[9:08:34 AM](#)

Co-Chair Hoffman requested information about the largest one-time funding that was eliminated from the FY 26 budget.

Ms. Sanders replied that the largest one-time funding removal was the addition of \$175 million to the Base Student Allocation (BSA), which was not included in the FY 26 budget. She remarked that the governor had a bill in the current session that would address education funding.

Co-Chair Stedman wondered whether there were other expenditures that were not reflected that were considered funding obligations.

[9:09:53 AM](#)

Ms. Sanders replied that the budget should be considered a starting point, and there were amendments that would be added later.

Co-Chair Stedman wondered whether the state would be in extreme debt.

Ms. Sanders replied that adding additional funds will increase the deficit.

Co-Chair Hoffman noted that there was a requirement to have a balanced budget according to the constitution.

Ms. Sanders replied that the fiscal picture was "not the greatest picture."

Senator Kiehl wondered whether the budget included all statutory requirements.

Ms. Sanders replied that there were some things in the past that were considered "unfunded mandates."

Senator Kiehl surmised that there were specific favored programs.

[9:14:53 AM](#)

Ms. Sanders finished discussing slide 2.

Co-Chair Hoffman remarked that the target level of the CBR was around \$5 billion. He queried the CBR level that the administration felt was appropriate.

Ms. Sanders replied that there was a variety of numbers, but she did not have a fixed number.

Co-Chair Hoffman wondered whether the administration had any interest in creating new revenue measures.

Ms. Sanders responded that the governor did not introduce any legislative proposals related to revenue, but was open to having conversations about new revenue options.

Co-Chair Stedman felt that the direction did not have a balanced budget.

[9:21:10 AM](#)

Co-Chair Hoffman wondered whether Ms. Sanders had any comment.

Ms. Sanders stated that she did not have a response to Co-Chair Stedman.

Ms. Sanders pointed to slide 3, "Budget Lookback."

Co-Chair Stedman explained that the issues that were not included in the budget resulted in concern on the capital side.

Ms. Sanders addressed slide 4, "FY2026 Operating Budget Breakdown (UGF)."

Co-Chair Stedman queried the dollar amount of state retirement payments.

[9:25:40 AM](#)

Ms. Sanders replied that the state retirement payments are the formula payments to continue to deposit into the retirement accounts.

Co-Chair Stedman wondered whether it was for the unfunded liability or the ongoing payments.

Ms. Sanders replied that it was for the ongoing payments.

Co-Chair Stedman asked whether there was a plan to pay into the unfunded liability.

Ms. Sanders responded that she did not know what percentage went toward the unfunded liability.

Ms. Sanders highlighted slide 5, "Operating Budget Significant Highlights":

Department of Administration

- Office of Public Advocacy  
\$513.6 UGF for three administrative and legal support positions to assist with increased workload

\$450.0 UGF for guardian ad litem positions, which advocate for Children in Need of Aid (CINA) Cases, becoming overtime eligible Department of Commerce, Community, and Economic Development

- \$50 million UGF (Supplemental Multi-year) to provide a backstop for Front End Engineering work toward a Final Investment Decision (FID) over FY2025-FY2027
- \$2,487.5 UGF to restore the Alaska Gasline Development Corporation's operating funding to provide continued efforts on the Alaska Liquefied Natural Gas (AK LNG) development

[9:30:48 AM](#)

Co-Chair Hoffman remarked that backfilling the project set a bad precedent by the legislature.

Co-Chair Stedman requested the cost of the top five employees that are in the Alaska Gasline Development Corporation (AGDC)

Ms. Sanders agreed to provide that information.

Ms. Sanders continued to discuss slide 5:

- \$10,000.0 UGF (Supplemental Multi-year) for the Alaska Seafood Marketing Institute to implement a comprehensive marketing plan for Wild Alaska Seafood over FY2025-FY2027

Department of Corrections

- \$3,900.0 UGF for correction of standby pay calculation for supervisory positions department-wide
- \$500.0 UGF to establish a Peer Support and Wellness program
- \$850.0 UGF to expand vocational programming and training opportunities for 2,500 inmates, including programs such as construction technologies and electrical and plumbing classes

[9:37:06 AM](#)

Co-Chair Stedman asked for a brief synopsis of the growth of the department.

Ms. Sanders replied that there was continued examination of the structural needs of the department.

Co-Chair Hoffman recalled that he had a bill that included provisions to address the issue that Alaska Natives had about their population rate representation.

Ms. Sanders deferred to Ms. Wilkerson.

[9:40:36 AM](#)

APRIL WILKERSON, DEPUTY COMMISSIONER, DEPARTMENT OF CORRECTIONS, (DOC) replied that there were some delays in contracting.

Ms. Sanders spoke to slide 6, "Operating Budget Significant Highlights (cont.):

Department of Education and Early Development

- Foundation Program and Pupil Transportation full statutory formula funding for school districts
- \$1,500.0 UGF for continued Teacher Recruitment, Retention, Certification, and Apprenticeship Development
- \$1,250.0 UGF for continued investment in Career and Technical Education initiatives
- \$300.0 UGF to establish curriculum and student pathways to expand the electrician and plumbing workforce Department of Family and Community Services
- \$4,368.7 UGF to ensure continued operations of the Alaska Psychiatric Institute

Department of Fish and Game

- Commercial Fisheries
  - \$716.5 UGF to restore fisheries survey and assessment projects located throughout the state
  - \$450.0 UGF base funding for maintenance of vessels, aircraft maintenance, repair, and upgrades

[9:45:45 AM](#)

Senator Cronk queried the actual investment in subsistence.

Ms. Sanders explained that the subsistence budget was in its own section, and agreed to follow up on the question.

Ms. Sanders displayed slide 7, "Operating Budget Significant Highlights (cont.)":

Department of Health

- \$6,092.2 total (\$5,867.1 UGF; \$225.1 Federal Receipts) for increased child care assistance based on expanded eligibility (Ch. 15, SLA 2024 - SB 189)
- Full statutory funding for the Senior Benefit Payment Program
- \$1,500.0 (\$750.0 UGF; \$750.0 Other Receipts) for Mental Health Trust Crisis Call Center

Senator Kiehl wondered how the integration would work with the 988 number.

Ms. Sanders replied that it was the 988 number.

[9:50:04 AM](#)

Ms. Sanders continued to discuss slide 7:

Department of Labor and Workforce Development

- \$182.3 UGF to increase available class seats from 15 to 30 students in the Industrial Electrical Program in support of an initiative to expand Alaska's electrical and plumbing workforce

Department of Law

- \$1,194.1 UGF for five new positions to provide support to reduce caseloads to a manageable level
- \$500.0 UGF to support continued statehood defense efforts across multiple agencies. Law will partner with other State agencies to plan, review, and

continue efforts supporting Alaska's statehood sovereignty

Co-Chair Stedman asked about the CDL requirement, and operating engineers.

Ms. Sanders agreed to provide that information.

Ms. Sanders addressed slide 8, "Operating Budget Significant Highlights (cont.)":

Department of Military and Veterans Affairs

- \$175.0 UGF to expand operations of the Alaska State Defense Force, Naval Militia, and Civil Air Patrol
- Deposits into the Disaster Relief Fund to provide immediate response to disasters
- \$15 million UGF FY2025 (Supplemental)
- \$13 million UGF FY2026

Co-Chair Stedman wondered whether the \$15 million for the disaster relief fund was already funded in the previous year.

Ms. Sanders replied in the affirmative.

[9:56:06 AM](#)

Ms. Sanders continued to discuss slide 8:

Department of Natural Resources

- \$858.0 UGF and three new positions for Forestry Management and Development for increased access to land and resources
- \$648.4 UGF for Natural Disaster Emergency Response and Prevention

Co-Chair Hoffman wondered whether the positions were local or brought in from other parts of the state.

Ms. Sanders replied that the positions were contracted with communities, so it was up to the contractor to make that determination.

Co-Chair Hoffman wondered whether all the positions were filled.

Ms. Sanders replied in the affirmative.

Co-Chair Hoffman queried the turnover rate.

Ms. Sanders agreed to provide that information.

Ms. Sanders continued to discuss slide 8:

Department of Public Safety

- \$1,215.2 UGF to provide five additional Village Public Safety Officers positions, increasing the program from 85 to 90 positions
- \$3,750.1 UGF and nine new positions for the Alaska State Troopers
  - \$2,404.6 UGF to reestablish the Talkeetna Post, Trapper Creek, and North Parks Highway Corridor
  - \$1,345.5 UGF for three State Troopers in Kotzebue for Child Crime Investigations in Western Alaska

Senator Kiehl wondered whether the service area was in an organized borough.

Ms. Sanders agreed to provide that information.

[10:01:08 AM](#)

Ms. Sanders looked at slide 9, "Operating Budget Significant Highlights (cont.)":

- Dalton Highway:
  - \$250.0 UGF to provide employees with specialized training to respond to accidents along the Dalton Highway
  - \$692.5 UGF for maintenance camp contracting
- Highways, Aviation and Facilities:
  - \$1,000.0 UGF for Northern Region roadside hardware repairs
  - \$500.0 UGF for Right-of-Way clearing of vacated homeless encampments

Senator Cronk requested a salary study for the employees in Department of Transportation and Public Facilities (DOT/PF).

[10:05:00 AM](#)



Co-Chair Stedman wondered what was happening with the dilapidated structures at Mt. Edgecumbe in Sitka.

Ms. Sanders agreed to provide that information.

Ms. Sanders continued to discuss slide 9:

University of Alaska

- \$20,930.0 total (\$3,900.0 UGF; \$17,030.0 University Receipts) for fixed operating cost increases such as cyber security and information technology, facilities maintenance, and utilities

Statewide Items

- \$2.5 billion UGF to provide a full statutory Permanent Fund Dividend of approximately \$3,900 per eligible individual

Ms. Sanders discussed slide 10, "FY2026 Capital Budget Breakdown (UGF)."

Co-Chair Hoffman handed the gavel to Co-Chair Stedman.

Ms. Sanders pointed to slide 11, "Capital Budget Significant Highlights":

Department of Administration

- \$7,000.0 UGF for Statewide Time and Attendance Management System

Department of Commerce, Community, and Economic Development

- \$6,315.5 Renewable Energy Funds for Round 17 Renewable Energy Project Grants

- \$4,400.0 Ocean Ranger Receipts to Alaska Energy Authority for Whittier Cruise Ship Terminal Port Electrification

- \$4,200.0 UGF to Alaska Gasline Development Corporation (AGDC) - Phase 1 Gasline Project Development

- \$6,500.0 UGF to Alaska Energy Authority for Dixon Diversion Project

- \$2,500.0 UGF to Alaska Industrial Development and Export Authority for West Susitna Road Access

Department of Corrections

- \$3,080.0 UGF for continued development of the Point Mackenzie Correctional Farm Produce Processing Plant

- \$4,000.0 UGF for construction of the Hiland Mountain Booking and Intake Area

[10:12:45 AM](#)

Co-Chair Stedman asked about the cost of shutting down AGDC.

Ms. Sanders agreed to provide that information.

Ms. Sanders looked at slide 12, "Capital Budget Significant Highlights (cont.)":

Department of Environmental Conservation

- \$450.0 DGF Home Heating Oil Tank Oversight program

Department of Fish and Game

- \$5,625.0 UGF for Gulf of Alaska Chinook Salmon Program
- \$800.0 UGF for continued funding for the Alaska Marine Salmon Program
- \$6,800.0 Federal Receipts for Pacific Coastal Salmon Recovery Fund activities

Department of Health

- \$14,069.8 total (\$1,407.0 UGF; \$12,662.8 Federal Receipts) for Provider Services Module for Alaska Medicaid Program

Department of Law

- \$8,000.0 UGF to replacement of the Case Management System

Department of Military and Veterans' Affairs

- \$2,200.0 total (\$1,100.0 UGF; \$1,100.0 Federal Receipts) for Statewide Armory Barracks Conversion projects
- \$1,586.0 total (\$396.5 UGF; \$1,189.5 Federal Receipts) for Camp Carroll modernization
- \$1,950.0 total (\$700.0 UGF; \$1,250.0 Federal Receipts) for the Alcantra modernization

Co-Chair Stedman handed the gavel to Co-Chair Hoffman.

[10:19:00 AM](#)

Co-Chair Stedman looked at the Department of Law, and asked about the Court System request.

Ms. Sanders explained that there was a Court System project included in the budget.

Co-Chair Stedman wondered whether there were requests that were not included in the budget.

Ms. Sanders replied in the affirmative.

[10:20:58 AM](#)

Ms. Sanders spoke to slide 13, "Capital Budget Significant Highlights (cont.)":

Department of Natural Resources

- \$2,500.0 UGF for acquisition of a Firefighting Aircraft to replace a Turbo Commander that is at end of operational life

Department of Public Safety

- \$6,500.0 UGF for acquisition of a single engine turbine-powered, all-weather Pilatus PC-12NG Aircraft for emergency rural response capabilities across 96% of Alaska's maintained airports
- \$1,400.0 UGF for Annual Aircraft Maintenance and Repair
- \$2,775.0 UGF for Alaska Wildlife Troopers Marine Vessel Maintenance and Repair
- \$750.0 UGF for Rifle-Rated Armor and Less Lethal 40mm Program

Senator Cronk wondered whether the state did annual maintenance for the aircrafts, or whether it was a contract.

Ms. Sanders deferred to the Department of Public Safety (DPS).

[10:24:09 AM](#)

DIANA THORNTON, ADMINISTRATIVE SERVICES DIRECTOR, DEPARTMENT OF PUBLIC SAFETY (via teleconference), replied that maintenance for aircraft was conducted by both the department and contractors.

Senator Kiehl queried the percentage of maintained airports the former aircraft was able to land.

Ms. Sanders replied that the acquisition would not replace, but it was a new aircraft.

Ms. Sanders continued to discuss slide 13:

Department of Revenue

- \$4,475.0 UGF for the Dividend Application Information System Replacement - Phase 2
- \$65,635.0 total (\$34,600.0 UGF; \$1,785.0 MHTAAR Receipts; \$29,250.0 Federal Receipts) for Alaska Housing Finance Corporation Annual Housing Programs

Senator Kiehl asked about the structure to manage the ongoing costs of the technology projects.

Ms. Sanders deferred to the Office of Information Technology (OIT).

[10:29:03 AM](#)

Ms. Sanders highlighted slide 14, "Capital Budget Significant Highlights (cont.)":

Department of Transportation and Public Facilities

- Dalton Highway:
  - \$325.0 UGF for Silvertip Camp Bunkhouse
  - \$2,500.0 UGF for Heavy Maintenance from Milepost 76 to 89
  - \$4,500.0 Capital Improvement Receipts for Aggregate Stockpiles
- \$4,250.0 UGF for development of Wood River Canyon Bridges and Trails
- \$2,666.6 UGF for continuation of the Williamsport Intermodal Connector - Phase 2
- \$6,250.0 total (\$1,250.0 UGF; \$5,000.0 Federal Receipts) for Deploying Alaska Marine Highway System-wide Wi-Fi
- \$10,000.0 International Airport Receipts for the Ted Stevens Anchorage International 10MW Solar Array Installation

University of Alaska

- \$6,000.0 UGF for University of Alaska Fairbanks' Alaska Center of Unmanned Aerial Systems Integration (ACUASI) Drones Program - Year Four

- \$5,000.0 UGF for the University of Alaska Fairbanks to continue to Achieve Research 1 Status
- \$3,000.0 UGF for the University of Alaska Fairbanks to invest in research on Agriculture and Food Systems for Alaska's Economic Sustainability
- \$2,000.0 UGF for the University of Alaska Southeast's Mariculture Program Expansion

[10:34:50 AM](#)

Co-Chair Stedman asked for an update of the University's deferred maintenance.

Ms. Sanders stated that it was not in the governor's budget.

Co-Chair Stedman felt that OMB should provide a perspective on the University deferred maintenance.

Ms. Sanders displayed slide 15, "Full-Time Positions - Budgeted versus Filled." She pointed to slide 16, "Vacancy Rates."

[10:40:14 AM](#)

Co-Chair Hoffman queried the current status of the report on employment vacancies.

Ms. Sanders replied that the study should be finalized around the end of March 2025.

Co-Chair Stedman wondered whether the reporting on the study was wrong.

Ms. Sanders replied in the affirmative.

Co-Chair Stedman stressed that the administration and legislature work together to ensure a sustainable outcome.

Senator Kiehl asked about the study on the IT positions.

Ms. Sanders replied that she would provide that information.

[10:45:02 AM](#)

Senator Kaufman wondered whether the errors and omissions were departmentally focused within the study.

Ms. Sanders explained that it was comprehensive data across the whole state.

Co-Chair Stedman appreciated the effort to ensure that there was correct data.

Senator Cronk asked about why Department of Fish and Game (DFG) had so many budgeted positions.

Ms. Sanders explained that part-time positions were included in that department, and agreed to follow up on the issue.

Co-Chair Hoffman discussed the following day's agenda.

#

ADJOURNMENT

10:49:40 AM

The meeting was adjourned at 10:49 a.m.