

SENATE FINANCE COMMITTEE
February 12, 2025
9:01 a.m.

9:01:36 AM

CALL TO ORDER

Co-Chair Hoffman called the Senate Finance Committee meeting to order at 9:01 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

Pete Ecklund, Staff, Senator Lyman Hoffman; Alexei Painter, Director, Legislative Finance Division; Lacey Sanders, Director, Office of Management and Budget; Frank Richards, President, Alaska Gasline Development Corporation; Senator Cathy Giessel.

SUMMARY

SB 56 APPROP: OPERATING BUDGET; CAP; SUPP

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

SB 58 APPROP: MENTAL HEALTH BUDGET

SB 58 was HEARD and HELD in committee for further consideration.

PRESENTATION: LETTERS OF AGREEMENT

PRESENTATION: Alaska Gasline Development Corporation

#sb56

#sb58

SENATE BILL NO. 56

"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."

SENATE BILL NO. 58

"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."

[9:03:07 AM](#)

Co-Chair Stedman MOVED to ADOPT the committee substitute for SB 56, Work Draft 34-GS1462\N (Marx, 1/31/25).

Co-Chair Hoffman OBJECTED for discussion.

[9:03:13 AM](#)

PETE ECKLUND, STAFF, SENATOR LYMAN HOFFMAN, explained the committee substitute.

Co-Chair Hoffman WITHDREW his objection. There being NO OBJECTION, it was so ordered.

Co-Chair Stedman MOVED to ADOPT the committee substitute for SB 58, Work Draft 34-GS1459\N (Marx, 1/31/25).

Co-Chair Hoffman OBJECTED for discussion.

Mr. Ecklund explained the CS.

Co-Chair Hoffman WITHDREW his objection. There being NO OBJECTION, it was so ordered.

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

SB 58 was HEARD and HELD in committee for further consideration.

^LETTERS OF AGREEMENT

[9:05:28 AM](#)

ALEXEI PAINTER, DIRECTOR, LEGISLATIVE FINANCE DIVISION, (LFD) discussed the background and concept of Letters of Agreement. He shared that LOAs were amendments to signed contracts that altered the original contracts. The changes could include adjusting scheduling or could constitute monetary terms. He relayed that, for example, in 2022 the administration signed an LOA with the Department of Corrections that would offering hiring bonuses. He said that the LOA had not been brought before the legislature because the agency had existing funding because of several vacant positions. However, a legislative legal finding had found that legislative approval was needed because it was a monetary change in the bargaining contract. He shared that the Department of Law disagreed with that opinion. He felt that it was important that the committee be aware of the issue when discussing salary studies or compensation of state employees because LOAs influenced the expenditures of the state when they were used to recruit and retain employees. He added that if the LOAs were financed using money from vacant positions how would they be financed when those positions were filled. He stated that the language had been added to the operating budget to show that the legislature approved of the LOAs provided the Office of Management and Budget send the legislature the LOAS along with cost estimates prepared for them. He noted that at first the Department of Administration had been asked for the LOA information, which had been changed to OMB in FY25.

Co-Chair Stedman asked for the total annual request for LOAs from year to year.

Mr. Painter replied that Ms. Sanders would address the questions. He shared that the largest he could think of was the signing bonus for correctional officers. He added that DOC had once added a 2 percent wage increase as an LOA.

[9:11:07 AM](#)

Co-Chair Stedman requested an explanation of the state employee salary schedule.

[9:11:44 AM](#)

Mr. Painter replied that in the state payroll system, job classifications were generally put at a range, somewhere between 8 and 30. The range set the base salary by job class. Merit steps could increase within a range, approximately 3.5 percent, per step, within the range. Some employees started at advanced ranges. The first few steps were given annually and after that every other year. The number of steps would depend on the bargaining unit agreement. He said employees were paid in this system of ranges that was set by the position title, with merit increases increasing with longevity.

[9:13:30 AM](#)

Co-Chair Stedman clarified that the merit and step increases increased with longevity and were not performance bases.

[9:13:54 AM](#)

Mr. Painter replied that the merit steps required acceptable performance evaluation. He said that some agencies had the ability to give an extra merit step for outstanding performance but was a rare occurrence.

[9:14:17 AM](#)

Co-Chair Hoffman recalled that in the past the legislature had passed legislation that increased some of the ranges.

[9:14:40 AM](#)

Mr. Painter explained that in FY 24 the Capital Budget, the governor requested, and the legislature approved, a \$1 million project to prepare a statewide salary survey that was expected to be released in June 2024. The administration had indicated that the study would be available in March 2025. The study was meant to examine whether the state's compensation system was adequately competitive to attract and retain employees. He said that the last similar study had been done in 2009, the results

of which had not been implemented by the legislature at the time.

9:16:25 AM

LACEY SANDERS, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, (OMB) explained that she had prepared some remarks concerning LOAs. She reiterated the definition of an LOA. She said that the letter should indicate a timeframe identified for the temporary agreement. She stated that the intent of the letters was to have something in place until a solution could be found or future bargaining negotiations occurred. She provided several examples.

9:19:12 AM

Ms. Sanders explained that, over the last three years the administration had experienced an influx in the number of signed LOAs as the state had been experiencing difficulties in hiring and retention. She shared that the LOAs were paper documents with a tracking number but no electronic tracking mechanism with no way to tie the state's accounting system to the LOAs. Additionally, the state had an increased level of difficulty with the calculations associated with those LOAs. The Division of Finance's payroll section had worked through a manual calculation process and other solutions to address each LOA as it came before them, which increased the difficulty in processing payroll calculations. She said that in August of 2023, a temporary pause had been issued on new LOAs as the division worked to identify all existing LOAs to ensure they were properly paid. She stated that the ability to address specific the life, health, or safety situation of each LOA had been done on an ad hoc basis as the items presented themselves. She relayed that the pause was intended to allow the division to prioritize the payroll being processed and to ensure the 100 percent of the payroll was processed timely and accurately. She related that an increase of "notice of pay problems" had been identified at this time. She said that the implementation of so many LOAs had increased the difficulty of processing payroll, which compounded the hiring and retention difficulties. She noted that language in the appropriation bills from the previous year that required OMB to ensure that a copy of the signed LOA was transmitted to the LFD, along with a cost estimate. She said that a standardized cost estimate template had been introduced that departments used to

estimate the impact and how the cost associated with the LOAs would be addressed. She added that the language also requested two reports, one of February 1st, and another in September. She stressed that OMB was working diligently to meet the requirements of the budget language. She noted that the initial report transmitted had been very simple and did not include much of the details that LFD would use to analyze the data. She said that the Division of Finance had pulled together a more detailed report for the LFD, dated February 10, 2025, which would provide more detailed information. She stated that the nature of IRIS did not allow for a full capture of the financial impacts of LOAs. She said that individual departments could examine how the LOAs were impacting them financially. She expounded on the difficulty of establishing what was due because of an LOA and what was standard pay. She said that approximately \$3.5 million had been captured in the current accounting system. She believed that there were more costs associated with the LOAs that had yet to be identified. She stressed that all parties were working to set up a clean slate by July 1st that would establish an individual tracking code tied to each LOAS to provide detailed costs of each agreement.

[9:26:33 AM](#)

Co-Chair Stedman wondered whether the implementation of changes triggered by the forthcoming salary study would alleviate the need for LOAs.

[9:26:57 AM](#)

Ms. Sanders replied that there would always be a need to have LOAs. She said that LOAs were intended to be temporary and were not meant to be used in perpetuity.

[9:27:30 AM](#)

Co-Chair Hoffman asked how long the state had been issuing LOAs.

[9:27:37 AM](#)

Ms. Sanders replied that she did not know and would get back to the committee with the information.

[9:27:55 AM](#)

Senator Kiehl understood LOAs were a temporary tool. He noted some LOAs from years ago for supervisory units and asked whether those LOAs were still in effect.

[9:28:35 AM](#)

Ms. Sanders replied a coordinated effort needed to be made to determine whether those LOAs should be negotiated into contracts. She also noted the need for termination dates in LOAs to ensure they did not cross over into the next negotiated contract.

[9:29:26 AM](#)

Senator Kiehl contended the LOAs he was speaking of did have end dates.

[9:29:54 AM](#)

Ms. Sanders replied that each individual LOA had to be evaluated to determine whether it had been addressed. She reiterated that LOAs had been issued broadly over the last few years and needed to be reevaluated and reconciled. She said that the hope was that by July 1 there would be a reset and evaluation of each LOA.

Senator Kiehl asked what "reset" meant.

[9:30:57 AM](#)

Ms. Sanders replied that reset meant working through to identify all the existing LOAs, in all departments, and ensuring they were still necessary. She thought that there were LOAs existing that were being rolled forward on an annual basis. She said that the reset would be a restart at the start of the fiscal year. She reiterated that the process would take work.

[9:31:59 AM](#)

Senator Kiehl understood that there was no default if the work took longer than expected and thing would not "drop."

[9:32:12 AM](#)

Ms. Sanders replied that the intention was to ensure that the state had the workforce necessary and the tool in place to meet the workforce needs.

[9:32:32 AM](#)

Co-Chair Hoffman announced that in the past there had been language in the budget bills to approve the LOAs. He wondered if approval could be contingent to the passage of a supplemental budget or was it a timing issue.

[9:33:03 AM](#)

Ms. Sanders replied that she did not know. She said she would get back to the committee with the information.

[9:33:31 AM](#)

Co-Chair Hoffman stated that Mr. Painter would return to the table to respond to questions from the January 29, 2025, meeting.

[9:33:47 AM](#)

Mr. Painter addressed questions from the January 28, 2025, Senate Finance Meeting (copy on file):

Senator Stedman asked for a table showing past Permanent Fund Statutory Net Income.

Senator Merrick asked how long it would take to retire current school debt if the moratorium is extended.

The current debt schedule shows that debt will remain outstanding through FY40, although the total per year falls under \$1 million beginning in FY37.

Mr. Painter noted that the new table showed that statutory net income had been more volatile. He said that part of the reasoning for the POMV draw being based on the value of the fund versus the value of the earning was that the previous number was more stable.

[9:36:14 AM](#)

Co-Chair Stedman asked about debts on hard assets like dams. He wondered about school building refinancing and whether the amortization could be stretched out when refinancing. He was curious about school building financing and the stretching of amortization. He wondered if the practice would make it harder to pay off debt.

Mr. Painter replied that debt managers often looked at whether refinancing would save money in net present value terms. He shared that GO bonds had been refinanced in 2024-25, which had lowered total payments for the state, but did stretch out the amortizations, resulting in a longer period before the bonds were paid off.

[9:38:45 AM](#)

Co-Chair Stedman thought that the discussion should continue. He provided an example of a dam that had been financed in Sitka in the mid-80s, which had been refinanced twice. He said that upon wanting to build another dam, the first dam had yet to be paid off, which hindered financing the new project. He said that the net present value was a variable - but was only one variable. He lamented that the state had many aging schools and hoped that the matter could be discussed further.

[9:40:34 AM](#)

Senator Kiehl understood that to get bond reimbursement the school project had to be approved by DEED and the state bond Reimbursement Grant Review Committee. He asked whether the committee also had to approve refinancing.

Mr. Painter responded that he did not know but would get back to the committee with the information.

[9:41:11 AM](#)

Co-Chair Stedman clarified the new manager of the municipal bond bank had been counseled to get things paid off in a timely manner so that funds could be available for other projects.

[9:41:48 AM](#)

AT EASE

[9:42:08 AM](#)

RECONVENED

Co-Chair Hoffman noted that Alaska Gasline Development Corporation had a limited amount of time for their presentation.

^ALASKA GASLINE DEVELOPMENT CORPORATION

FRANK RICHARDS, PRESIDENT, ALASKA GASLINE DEVELOPMENT CORPORATION, (AGDC) stated that he would provide responses. He discussed the FY 2026 budget request (copy on file).

[9:44:35 AM](#)

Mr. Richards discussed the capital budget request:

- \$4,200.0 General Fund Request - Provides funding for:
- Technical and Legal expertise needed for development of agreements/ contracts with investor(s), utilities, base industrial customers, gas purchase and gas sale agreements
 - Expertise to work with Department of Energy on the establishment of loan guarantees
 - Maintain compliance and secure data management systems, geographic information systems capabilities, and stakeholder databases
 - Keep permits current and interface with State of Alaska and federal regulators ranging from water quality, culture resources, material sites, and highway use agreements
 - Payment of permit fees and lease costs
 - Support AGDC's role as minority owner representing the State's interests during FEED with technical, regulatory, and project management expertise

[9:47:11 AM](#)

Co-Chair Stedman asked for a breakdown of the \$4.2 million request into bullet points that would illuminate the costs of each component. He thought perhaps some of the items could be funded in the operating budget.

[9:47:48 AM](#)

Mr. Richards agreed to provide that information.

[9:47:59 AM](#)

Senator Kiehl noted that the request was to get to FEED over the next two fiscal years. He asked whether the \$4.2 million request would cover the project to FEED - even if it took longer than projected.

Mr. Richards replied that the request was looking out to FY26. He said that once FEED began, the expertise would be needed. He said that if FEED did not start until FY26, the corporation would return to the committee to ask for more funds. He said that the schedule was based on starting FEED in calendar year 2025, and the request was geared toward that.

[9:49:17 AM](#)

Senator Kiehl //

[9:49:27 AM](#)

Mr. Richards replied that it was twelve months of funding.

[9:49:39 AM](#)

Senator Kiehl asked whether the funding was for 16 months or funding through FEED.

Mr. Richards said that the funding request was for 12 months of funding.

Senator Kiehl retorted that 12 months of funding sounded more like an Operating Budget request.

[9:49:44 AM](#)

Mr. Richards concluded his remarks.

[9:49:54 AM](#)

Co-Chair Stedman requested an explanation of the project and whether there was any new foreign interested or special interest by the federal government.

Mr. Richards replied that the interest in the project had grown under the current administration. He noted a meeting with the president and the Prime Minister of Japan. He said that good conversations were happening, and that Japan saw a "keen" value in LNG from Alaska. He offered a brief

overview for the public of the status of the project. He said that Phase One of the project was the major impetus.

[9:53:53 AM](#)

Co-Chair Stedman noted that the budget request included money for travel. He asked for the travel schedule and who Mr. Richards planned on meeting in Washington D.C.

[9:54:17 AM](#)

Mr. Richards replied that he had no plans to travel to Washington, only to Juneau to present to committees. He added that he might go to a large gather of oil and gas people in Huston, Texas to talk about the project.

[9:54:54 AM](#)

Co-Chair Stedman suggested that AGDC consider asking the federal government for an equity infusion to complete Phase One.

[9:56:04 AM](#)

Mr. Richards replied that "everything was on the table."

[9:57:17 AM](#)

Co-Chair Hoffman felt that things were still unfolding in Washinton D.C. as it related to the gasline project.

^LETTERS OF AGREEMENT

[9:58:01 AM](#)

Ms. Sanders addressed questions from the January 27, 2025 Senate Finance Meeting (copy on file):

1. How much of the amount requested for State Retirement Payments goes towards the unfunded liability?

In regard to the State Retirement Payments appropriation, 100 percent of the \$218,718.0 goes towards the unfunded pension liability.

2. What is the cost of the top five employees at the Alaska Gasline Development Corporation (AGDC) and

Alaska Industrial Development and Export Authority
(AIDEA) (salaries and benefits)?

The below table provides the salaries and benefits for the top five positions within AGDC and AIDEA. Note, the AGDC component has only four permanent full-time positions.

[9:58:57 AM](#)

Co-Chair Stedman asked whether it was safe to assume that all the state employees on the tables were under the standard retirement tier related to their date of hire.

[9:59:09 AM](#)

Ms. Sanders replied that the graph included the totality of the salary and benefits, including retirement and health insurance.

[9:59:17 AM](#)

Co-Chair Stedman asked whether the salaries were scheduled like other state employees.

[9:59:40 AM](#)

Ms. Sanders replied that each agency fell into "exempt" status and did not follow the classified positions status on a state salary schedule. The salaries were set by the corporations.

[10:00:10 AM](#)

Co-Chair Stedman asked what the employees retirement tier would be based on.

[10:00:14 AM](#)

Ms. Sanders replied that the retirement tier was based on the individual date of hire.

[10:01:05 AM](#)

Co-Chair Stedman expressed concern over the exorbitant salaries. He said that the defined benefit plan was geared to be funded over years of service at a salary range. He

said that jumping up to huge salary ranges at the end of a career could result in unfunded liability to the state.

[10:01:47 AM](#)

Ms. Sanders replied that she understood Senator Stedman's point. She would need to look deeper to provide a comprehensive answer.

Co-Chair Hoffman asked her to look deeper and provide recommendations on how the matter could be controlled.

Co-Chair Stedman acknowledged that the question was broad. He noted that the salaries were significant and held people nearing the end of their careers, which would result in a significant expense to the state.

[10:02:54 AM](#)

Ms. Sanders agreed to investigate the question and get back to the committee.

[10:02:59 AM](#)

Co-Chair Hoffman understood that the problem could not be fixed retroactively but could be controlled in the future.

Co-Chair Stedman believed that awareness was key. He felt that some agencies had salaries that were significantly larger than others.

[10:04:00 AM](#)

Senator Kiehl hoped that the data from the Alaska Experience studies, that quantified how often people jumped up in salary during their final few years of work, would be built into the systems funding ratios. He understood that for the most recent defined benefit tiers the employee had to have a geographic differential for 50 percent of their time working in the system before a geographic pay differential could be applied to a salary.

Ms. Sanders replied that the question was beyond her area of expertise. She agreed to follow up with the committee.

[10:05:06 AM](#)

Senator Cronk asked for details about the employee benefits.

Ms. Sanders replied that the rates were applied for benefits when a salary was set. She shared that benefits would grow as the salary grew.

Co-Chair Hoffman interjected that medical benefits also grew and could be substantial.

Ms. Sanders agreed.

[10:05:41 AM](#)

Ms. Sanders continued to address the responses:

3. How much is invested in subsistence? Provide a detailed breakdown of the subsistence budget. How do the investments in other areas of the Department of Fish and Game (DFG) impact subsistence?

Subsistence investments are in the Subsistence Division, Divisions of Commercial Fisheries, Sport Fisheries, and Wildlife Conservation. A detailed breakdown of the Division of Subsistence's budget would not accurately reflect the State's investment but is attached (Enclosure A - Subsistence Budget Breakdown - final.pdf). Below are what each division contributes directly to subsistence; this does not include the indirect costs associated with management of the awards, processing payroll, etc.

Subsistence:

The Division of Subsistence has an annual budget of roughly \$7.5 million, of which less than half is unrestricted general funds. The division fulfills its mission, mandated by Alaska Statute 16.05.094, to conduct studies to gather information from residents of communities throughout Alaska on all aspects of the role of subsistence hunting and fishing in the lives of residents by conducting research in collaboration with community entities, regional non-profits, agencies, various local and tribal governments, as well as in partnership with our sister divisions within DFG. Most of the projects throughout the state are partnerships. Some of the current partners include the National Oceanic

and Atmospheric Association, Bureau of Ocean and Management, U.S. Forest Service, University of Alaska Fairbanks, Tanana Chiefs Conference, Bristol Bay Native Association, Chugach Regional Resources Commission, Sitka Tribe of Alaska, Alaska Migratory Bird Co-Management Council, Center for Alaska Native Health Research, the cities of Tenakee Springs, Pelican, and Gustavus, as well as a variety of communities and tribes throughout the state.

Commercial Fisheries:

Managing Alaska's fishery resources for sustained yield is the Division of Commercial Fisheries' (DCF) highest priority. For fish stocks where a harvestable surplus exists, the division's highest priority is ensuring subsistence needs are met. The DCF uses data obtained from research and stock assessment projects to ensure they are meeting the sustained yield mandate and subsistence priority. Projects that contribute to management of subsistence fisheries include fish counts, stock assessments, estimates of fish abundance, harvest surveys, catch summaries, and research related to biology of various fish stocks. These projects also ensure that commercial and personal use fisheries are managed in accordance with sustained yield principles. Projects that touch on management of subsistence fisheries comprise roughly half of the division's \$88 million budget and uses multiple funding sources.

Sport Fish:

The Division of Sport Fish (DSF) directly manages subsistence fisheries in the Glennallen Subdistrict salmon fishery (unrestricted general funds) and several other small fisheries across the state. The DSF funding sources, such as Fish and Game and Dingell Johnson funds, cannot be used to directly manage a subsistence-only fishery. However, many of the division's stock assessment and research projects for salmon and resident fish species provide critical data for managing sport, personal use, and subsistence fisheries. This supports the subsistence priority and helps sustain fish populations, indirectly benefiting subsistence fisheries statewide,

particularly in the Arctic Yukon Kuskokwim (AYK) Region.

Without these assessment projects, fisheries, including subsistence fisheries, would likely face restrictions or closures. Depending on the stock assessment projects conducted each year, the DSF allocates an estimated \$2 to \$4 million of its annual budget (approximately five to 10 percent of the overall budget) to initiatives that benefit subsistence and sustain yield priority.

Wildlife Conservation:

The Division of Wildlife Conservation (DWC) manages hunting and trapping opportunities in the state, which includes subsistence. The DWC supports DFG's subsistence services through a variety of federal grants. The following is a list of subsistence-related projects federally funded through the DWC: Emperor goose harvest and management in Alaska; Socio-Economic Characterization of bird harvests in rural Alaska; and Investigating the human dimensions of migratory and game bird harvests and ceremonial harvest of game populations in Alaska. Within the DWC Marine Mammals Program, research is conducted to monitor the health and status of marine mammal species important for sustainable subsistence harvests. Research projects range from health and disease assessments, abundance surveys, harvest monitoring, and traditional knowledge documentation. This work occurs in partnership with coastal communities of Alaska from Kaktovik to Dillingham. The program spends roughly \$1.9 million annually on these projects. The DWC's Threatened, Endangered, and Diversity Program provides input to setting the regulatory framework for subsistence uses of seabirds and shorebirds through the Alaska Committee. The majority of the DWC's core work and responsibilities are associated with subsistence. The division is charged with providing opportunities to utilize wildlife resources, and to ensure sustainability and a harvestable surplus of wildlife resources. In fulfilling these core services, the DWC is directly involved with the majority of subsistence use of wildlife in the State of Alaska. The division also

provides education services across the state to encourage new generations of hunters and support good hunting practices, as well as safety.

10:06:39 AM

Ms. Sanders continued with the responses:

4. Regarding the 988 call center that started in the prior fiscal year, how that was funded and why is this funding request coming now?

The call center has been in operation for over 20 years and has answered Suicide Prevention Lifeline (now 988) calls since the Lifeline began. The current call center contract started in 2022 and ends June 30, 2025. The Department of Health will issue a request for proposals for a new contract. There has been an increase in Alaskans utilizing the call center in recent years as it is a number that is easier to remember, along with statewide and national media campaigns. In recent years, the contract has partly been supported with American Rescue Plan Act federal grants and other federal grants, which are expiring. The \$1,500.0 (\$750.0 UGF; \$750.0 Other) for this request is needed to maintain current services.

5. What is being done to make it easier for Alaskans, especially rural Alaskans, to get a Commercial Driver's License (CDL). What can or is being done to provide assistance to Alaskans to get them to work on the Slope as Operating Engineers, which includes Mechanics and Operators?

The Division of Employment and Training Services (DETS) and the Alaska Workforce Investment Board (AWIB) provide financial assistance to Alaskans for them to obtain the training and credentials they need to meet their career goals. This includes providing support to training providers; covering the cost of the actual CDL and Mechanic and Operator training; covering the cost to travel to take the CDL test; and covering the cost for an individual to relocate to take a job on the Slope or elsewhere. In FY2024, the DETS provided over \$2.9 million in support to 377 Alaskans seeking a CDL and nearly \$300.0 in

support to 28 Alaskans seeking to be Operating Engineers. The AWIB has provided State Training and Employment Program (STEP) and Technical Vocational Education Program (TVEP) funded grants to 13 training providers who are providing CDL and/or mechanical training opportunities.

The main challenge with providing CDL training and testing in rural Alaska is that most rural areas do not meet the road requirements for a CDL test. That said, training providers are actively working to make the obtaining of a CDL easier for Alaskans. For example, Mining and Petroleum Training Services (MAPTS) is working with AKA Hauling to offer a side-by-side CDL training with their Heavy Equipment (HE) program where the students will receive training for both and then stay an additional two days after completing the HE program to take the CDL test. AKA Hauling has worked to make a CDL compliant road in King Salmon so Alaskans in the area can be tested locally. Additionally, Northern Industrial Training (NIT) contracts with communities to provide training in the home community and testing in Anchorage.

The Alaska Vocational Technical Education Center (AVTEC) provides mechanic training through our Diesel/Heavy Equipment Technology program, preparing students for careers as diesel technicians, equipment mechanics, and related fields. Currently, each class trains 10 students per term, though historically, class sizes have been as high as 15 students.

Expanding the Diesel/Heavy Equipment Technology program to increase student capacity would require:

- An additional instructor position to support a larger student load.
- Additional training engines (an estimated five more engines would allow for a more effective expansion).
- Consideration of dorm space constraints, especially with the planned increase in Industrial Electricity (IE) and Plumbing and Heating (PandH) students.

The AVTEC does not currently offer CDL training due to the lack of immediate access to complex road conditions necessary for comprehensive

training and testing. Integrating CDL training within the AVTEC's existing Diesel/Heavy Equipment Technology program is something that has been discussed and is possible. Such an expansion would require careful planning and additional resources, including:

- A CDL-qualified instructor (currently, only one staff member holds a CDL, but does not teach in this area).
- Appropriate training vehicles (potentially two trucks) and a designated storage space, which AVTEC currently lacks.
- A compliant training site with road access suitable for CDL instruction.
- Approval and curriculum development, which would take time—likely extending implementation into FY2027.

The AVTEC is eager to provide vocational training wherever there is a need. While challenging to implement a new program, a CDL training is an area that could be explored if additional resources and infrastructure became available.

6. How many Village Public Safety Officer (VPSO) positions are filled? What is the turnover rate for that?

As of January 29, 2025, there are 86 VPSOs employed by the grantees, making the vacancy zero. The turnover rate for FY2025 is 18.4 percent.

[10:08:44 AM](#)

Co-Chair Hoffman asked whether there was adequate funding in the current budget to fund the VPSOs.

[10:08:50 AM](#)

Ms. Sanders replied that there was adequate funding to support the grants that paid for the VPSOs.

[10:09:07 AM](#)

Ms. Sanders continued to address responses:

7. Is the service area for the new Talkeetna post in an organized borough?

Yes, the service area for the new Talkeetna post falls within the Matanuska-Susitna Borough. While second-class boroughs in Alaska may adopt police powers with voter enforcement agency.

10:09:29 AM

Senator Kiehl noted that there were not a borough wide police powers without a change of the charter. He wondered whether an amendment could be put forth to provide police power borough wide in his district.

10:10:20 AM

Ms. Sanders said there could be a discussion with the department about the needs of each community. She said her understanding was that the increase of activity in the specifically cited area warranted the reopening of the post.

10:11:11 AM

Co-Chair Hoffman thought that Senator Kiehl's question should be brought up during Department of Public Safety subcommittee meetings. He said that the question was whether the state should come forward to address the needs of the borough or if the need were better addressed by the borough. He thought that the administration had come forward with a proposal but that the power to fund was maintained by the legislature.

10:11:57 AM

Ms. Sanders continued to address responses:

8. Provide a breakdown of the pay for the staff that maintains the roads and highways?

The published salary schedules, https://doa.alaska.gov/dof/payroll/sal_sched.html, provides specific wage rates by union, geographical differential, range, and step. The maintenance stations throughout the state are staffed with the job titles and ranges listed in the table below. Another variation of wages can

include overtime increasing that wage per employee.

9. Does the right of way clean-up increment include the dilapidated structures and roads by Mt. Edgecumbe High School (in Sitka)?

The Department of Transportation and Public Facilities right-of-way does not operate the street where Mt. Edgecumbe High School is located.

The right-of-way one-time-item increment is not necessarily for Central Region only. The change record does specify, "The department will focus on critical areas across the state where encampments have posed ongoing challenges. A contracted service approach ensures cost-effective, specialized work in compliance with safety and environmental standards. The contractors will perform site assessments, secure the necessary permits, and ensure the proper disposal of waste and hazardous materials."

[10:13:08 AM](#)

Co-Chair Stedman said that the Department of Transportation and Public Facilities did the maintenance at Mt. Edgecumbe. He noted that the structures were dilapidated. He said that his office requested that the department provide pictures of the structures to be scrutinized. He stated that he did not know of any other buildings in the state that were do deplorable. He relayed that he would bring an update of the structures and the clean-up.

[10:14:35 AM](#)

Co-Chair Hoffman believed that the students of Mt. Edgecumbe deserved better than the current status of their campus.

[10:14:55 AM](#)

Ms. Sanders continued to discuss the responses:

10. What is the cost of shutting down the Alaska Gasline Development Corporation (AGDC), both operating and capital?

The AGDC's total FY2026 Governor's operating budget is \$5,730.7, of which \$2,487.5 is UGF and \$3,243.2 is Other (AGDC-LNG). There are a total of four permeant full-time UGF for Phase 1 of the Gasline Project Development.

The AGDC's total FY2026 operating and capital budgets are \$9,930.7, all funds.

In the event the Alaska Liquefied Natural Gas Pipeline (AK-LNG) project was not continued, AGDC would use the FY2026 operating budget to shut down. This would include completing an evaluation of all leases, permits, and licenses and providing a report on which items could be extended or expired, and the cost associated with any maintenance fees.

11. For the Pilatus, what percentage of maintained runways is that plane able to land at?

The Pilatus would be able to land at 96 percent of the 215 maintained runways in Alaska, including gravel runways.

12. What is the status of the IT class study? What is the timeline for implementation? Aside from the salary study, what other class/salary studies are being done?

The IT job class study was conducted by the Division of Personnel and class specifications for new and updated IT job classes have been completed. Some of the updated IT job classes were used as benchmark jobs in the statewide salary study. Given the breadth of the IT job class study and the active statewide salary study, the administration will consider statewide salary study findings prior to implementing changes to the IT job classes.

Job class studies performed by the Division of Personnel are a routine part of maintaining the Classification and Pay Plan and may occur when the job class specifications are outdated because of extensive reorganization or redistribution of work, substantial increases or decreases in the workload, and/or changes in the nature or level of assignments and responsibilities. Active job class studies being performed by the Division of Personnel include: IT study, Park Rangers, Superintendents, and Specialists; Disability Adjudicators; Human Rights Field Representatives,

ACFR Accountants; Executive Administrators of the Board of Architects, Engineers, and Land Surveyors and the Real Estate Commission; Community Care Licensing Specialists; and Vocational Rehabilitation Assistant.

Salary reviews are more limited in scope than a job class study and may be requested when the class specification accurately describes the duties/responsibilities of the job class, but the agency believes the salary range is not accurate. Internal salary reviews conducted by the Division of Personnel are currently on hold pending completion of the statewide salary study, which takes external market data into consideration.

[10:16:52 AM](#)

Senator Kiehl asked why the IT job study data was being held until the finalization of the overall salary study.

[10:16:54 AM](#)

Ms. Sanders replied that there were specific IT job classifications that were incorporated into the salary study and the information was being held to alleviate duplication of data.

[10:17:27 AM](#)

Senator Kiehl asked whether the job study indicated that all employees were in their correct job class.

Ms. Sanders responded that the department had done a rebalancing of positions and titles associated with the IT classes. She said that the final study would individually identify and analyze where each individual person was and where they would be in the new classification system.

[10:18:14 AM](#)

Senator Kiehl thought that the statewide salary study was looking at job classes and whether they were appropriately paid compared to various factors. He understood that the study was twofold: people who were doing work needed to be put in the right job classes to be paid for their work, and the job classes needed to be compared to other systems for

the purposes of hiring and retention. He questioned the methodology of the current study.

[10:19:04 AM](#)

Ms. Sanders said that the approach would be to work through the implementation of the entirety of both the classification study and whatever was determined in the salary study.

Senator Kiehl wondered why the work could not be done in two phases. He felt that the "mega project" of combining the classification and the salary study was questionable.

[10:20:30 AM](#)

Ms. Sanders continued to address the responses:

13. Is the AMHS bargaining unit in the salary study?
For the salary study as related to AMHS, the State Personnel Act (AS 39.25.110 (16)) places masters and members of the crews of the AMHS vessels in the exempt service. Accordingly, these job classes are exempt from the State's classification and pay plan.
The statewide salary study focused on job classes in the Executive Branch in the classified and partially exempt services. The screenshot below shows ferry system administrative positions in the classified service that were included as benchmark jobs for the statewide salary study.

[10:21:12 AM](#)

Co-Chair Stedman noted that the state was in competition with the State of Washington for ferry employees and wanted Alaska to be competitive when hiring.

[10:22:05 AM](#)

Ms. Sanders continued to address responses:

14. Why are there more filled versus budgeted positions in the Department of Fish and Game (DFG) and the Department of Natural Resources (DNR)?
In the table and graph on budgeted versus filled full-time positions provided on slide 15 of the

presentation, the DFG and DNR each showed more filled than budgeted positions. This was because of how the data pulled from the IRIS system into the Alaska Budget System and part-time positions inadvertently being counted in the full-time total.

The below table and graph correct the filled full-time information.

[10:22:32 AM](#)

Senator Cronk addressed question 3. He surmised that subsistence was low on the list of priorities for the administration. He stressed that it was one of his top priorities. He felt that there was a trend in closures for subsistence fishermen but not commercial fishing.

[10:24:45 AM](#)

Co-Chair Hoffman thought that Senator Cronk's concerns were valid. He thought that the issue could be discussed in subcommittee and stressed the importance of prioritizing subsistence fishing over commercial fishing.

[10:25:12 AM](#)

Co-Chair Stedman remarked that he was informed that the entire community of Ketchikan was classified as subsistence. He noted that he represented the two largest subsistence communities in the state - Ketchikan and Sitka.

Co-Chair Hoffman discussed housekeeping.

#

ADJOURNMENT

[10:26:03 AM](#)

The meeting was adjourned at 10:26 a.m.