

RECESS TO THE CALL OF THE CHAIR:

Provided by J&H Consulting to CEE 3/29/2020

Things have rapidly changed in Alaska and the State Legislature in the last month, so this newsletter will be a little longer than usual. The Legislature is now facing unprecedented times on several fronts. In Alaska, a global pandemic is combined with plummeting oil prices and a tumbling stock market, reducing the earnings of the permanent fund and the state's overall fiscal outlook. The Legislature is left responding to the epidemic with dwindling financial resources in an expedited time frame. In the good news category, the state is set to receive a minimum of \$1.25 billion in federal aid, as well as relief funding for tribes, fisherman, education, hospitals, public health, research, vaccines and businesses. Everything in the legislature quickly became a race against the clock to finish the required work and return home. The Legislature accelerated the usual time schedule and prioritized their work, passing only mandatory and priority legislation, which includes all budget and sunset legislation and any legislation that addresses COVID-19 and its impacts. Lawmakers formed an Emergency Response and Preparedness Committee, which is planning several different emergency scenarios to handle any outbreak from the legislative side of things. Governor Dunleavy also announced the creation of the Alaska Economic Stabilization Team (AEST). The bipartisan group of leaders will work with the Dunleavy administration on a plan to protect the state's economy from the impact of COVID-19 in Alaska. The group will be led by former Governor Sean Parnell and former US Senator Mark Begich. The remaining seats will be filled by a cross section of Alaska's economic leaders and former elected officials.

Confirmation of the Governor's cabinet and board appointments will be postponed until next year through legislation, HB 309. HB 309 allows acting officials to continue to serve in their respective positions for now. By January 18, 2021, or 30 days after the public health disaster is over, the Legislature will have to act to consider the Alaskans who have been appointed to these positions. The Legislature then recessed to the call of the chair instead of adjourning *sine die*. This procedural move will make it easier for the legislature to reconvene to address any emergency matter. Both bodies also passed legislation, SCR 14, which allows them to recess for more than the normally allowed 3 days.

The legislature also quickly passed several bills to ease government and business functions and to provide assistance to businesses and individual Alaskans. These bills are outlined below.

SB 241 – Emergency Declaration and other Powers: The bill extends Alaska's COVID-19 emergency declaration to November 15, 2020 and provides for the following:

- Gives the Chief Medical Officer (Anne Zink, MD) the authority to issue Standing Orders to deal with the virus.
- Incorporates the financing plan passed by the Legislature in a variety of budget bills and allows the funding authorizations to be used to cope with the public health emergency.

- Provides \$10 million from the Disaster Relief Fund to assist with expenses for response efforts.
- Requires monthly reports to the Legislature.
- Expedites professional and occupational licensing.
- Expands telemedicine and telehealth (broadly defined).
- Establishes a conclusive presumption that COVID-19 is an occupational disease for firefighters, emergency medical technicians, paramedics, peace officers, and health care providers for the purposes of workers compensation.
- Creates opportunity for elections by mail if necessary.
- Extends time allowed to apply for PFD to April 30, 2020 and allows certain exemptions for people over 65 on allowable absences from the state.
- Extends deadline for state tax filings to July 15, 2020.
- Allows shareholder and nonprofit meetings to be held telephonically.
- Allows wills to be finalized using video teleconferencing.
- Allows electronic verification of documents (notary).
- Allows the Department of Commerce and Economic Development to provide business loans.
- Department of Health and Social Services may, in coordination with the Department of Military and Veteran’s Affairs, establish sanitation procedures for retail sellers.
- Allows statutory deadlines for actions or decisions by a state agency to be delayed. States that if an agency fails to act on a filing or issue a decision, it is not considered approval or denial.
- Prohibits the state from finding a person in default or taking loan collateral.
- Prohibits a public utility company from disconnecting service for nonpayment and requires reasonable efforts to reconnect utility service that was disconnected.
- Prohibits eviction for nonpayment of rent if a person is experiencing financial hardship.
- Prohibits foreclosure on the property of a person experiencing financial hardship.
- Ensures that government COVID-19 assistance payments, including Permanent Fund dividends, are not counted as income when determining an individual’s eligibility for means-tested programs.
- Protects Alaskans experiencing COVID-19-related financial hardship from defaulting on state loans and having their assets seized.
- Outlaws price gouging.
- Encourages the Department of Commerce, Community and Economic Development to purchase Alaska seafood for distribution to foods banks, soup kitchens and Alaska Native organizations.
- Directs the Alaska Housing Finance Corporation to provide financial assistance to address homelessness caused by COVID-19 and provides \$5 million for additional grants for that purpose.
- Provides that all statutory and regulatory deadlines for action by the Regulatory Commission of Alaska are tolled and failure by the Regulatory Commission of Alaska to act on a filing does not constitute approval or dismissal by the commission. This section does not apply to a statutory or regulatory deadline extended by the commission before March 11, 2020, for good cause under AS 42.05.175(f).

HB 308 – Unemployment: HB 308 has passed the House and Senate and been signed by the Governor. The bill expands unemployment benefits by increasing the weekly dependent benefit from \$25 to \$75 and waives the standard one-week waiting requirement to begin receiving benefits. Unemployment benefits will be available to people who are furloughed, laid off, have lost

work hours, or are forced to stay home to care for children as a result of the COVID-19 outbreak. Individuals will be able to file weekly for an unemployment claim. The bill includes a retroactive effect date of March 1st. Unfortunately, so far there has been no action to increase the weekly maximum benefit of \$370. The state unemployment compensation fund has a healthy surplus right now and is able to cover these additional expenses. HB 308 will provide relief to many families and recent federal legislation will boost benefits further. Unemployed Alaskans will receive an additional \$600 per week for four months and receive an additional 13 weeks of benefits beyond the 26 weeks the state allows. Last, the bill provides for 39 weeks of benefits for self-employed individuals and those participating in the gig economy.

MENTAL HEALTH AND SUPPLEMENTAL BUDGET:

The Senate and House have also passed HB 234, the FY20 supplemental bill. It added \$23.5 million for COVID-19 response and \$10 million to fully fund community assistance, and it included open-ended federal receipt authority for the state to accept any money appropriated by the federal government. Note, some initial supplemental funding has already been approved by the legislature and signed by the governor to respond to the coronavirus pandemic. That money will pay for 10 temporary positions to help respond to the coronavirus in Alaska. Part of the funding will provide for services that transport elders and Mental Health Trust Beneficiaries to healthcare institutions. The Senate, at the request of the Governor, added in the following appropriations:

- \$8.5 million in grants to municipalities for COVID-19-related commercial passenger vessel operations.
- \$5.5 million for medical and protective equipment, including testing supplies.
- \$3.5 million for transportation to housing for medical assistance.
- \$2.5 million for housing individuals under quarantine.
- \$1.5 million for the state epidemiology lab for IT systems related to testing.
- \$1.5 million for personnel including lab, support, emergency operations, and 24-hour facility staff.
- \$500,000 for public distribution of vital health recommendations and information,
- \$10 million to fully fund community assistance for the fiscal year starting July 1, 2020.

Items already covered by the bill include the following:

- \$142 million in state funds and \$160 million in federal funds for Medicaid services, including \$8.3 million to restore the Adult Preventive Dental Program.
- \$110.5 million for wildland firefighting costs incurred last summer and fall.
- \$8.6 million to restore Adult Public Assistance to ensure payments for low-income Alaskans.
- \$7.1 million for the Alaska Marine Highway System to ensure a stable schedule for the spring and summer of this year.
- \$6.7 million for the Department of Public Safety to address a shortfall within the Alaska State Troopers and Alaska Wildlife Troopers.
- \$6 million to help the Alaska Psychiatric Institute increase its capacity.
- \$3 million to address the severe damage caused in Anchorage, Kenai, and Mat-Su by the November 2018 earthquake.

The supplemental budget was underfunded because part of the funding for the budget failed. The House had previously passed the supplemental budget in late February that included funding for things like Medicaid, fire and earthquake expenses. The Senate version added \$61 million in funding for mainly COVID-19 and community assistance funding. The Senate also added the reverse sweep language, which prevents many state savings accounts from getting swept into the Constitutional Budget Reserve on July 1. The reverse sweep language maintains funding for many state savings accounts like the PCE endowment, vaccine fund, and scholarship funds, to name a few. In order to fully fund the budget the legislature needed to access money from the Constitutional Budget Reserve (CBR) which requires 30 votes for a three-fourths majority. The CBR vote failed, leaving \$113 million of the \$360 million supplemental budget unfunded. This in turn left insufficient funding in the budget bill to cover the state's expenses. The House had one opportunity to rescind the action on the three-fourths vote and try again, but that also failed. In the end, the required CBR votes and reverse sweep language were all passed in the operating budget by adding language to solve the underfunding in this budget, all of which added some extra excitement to the end of session.

OPERATING BUDGET:

Late last night and during the early morning hours, the House and Senate passed the operating budget. The operating budget for Alaska's state departments are mostly unchanged from the Governor's proposed budget, which was mostly flat funded from last year. The education budget accomplishes many of CEE's priorities: full funding for education while maintaining the \$30 million in one-time BSA funding from last year, and full funding for both school bond debt reimbursement and the REAA School Construction Fund, with increased funding for Pre-K grants, libraries and teacher housing. Considering the current fiscal outlook, education fared very well in the budget process. Sarah Sledge, CEE Director, worked tirelessly with us to help secure this funding, meeting with education, finance, and leadership members to advance the CEE priorities throughout the session. We also spent a focused amount of time on reminding and informing legislators about their legal obligations that have been established by case law, and we helped arrange a Tribal Affairs Committee meeting that specifically addressed REAA school construction and maintenance funding. The budget also includes a \$1,000 PFD. Items of note in the operating budget are as follows:

Education:

- Full funding of education.
- Additional \$30 million in one-time funds along with a \$10.6 million addition for children with special needs.
- \$6.3 million for Pre-K grants in addition to \$4.3 million to expand services.
- Funding for residential program (NSB and Lower Yukon School Districts).
- \$1 million in re-appropriated money for the Anchorage School District earthquake damage.
- Additional \$635,913 in funding for libraries.
- \$100 million for school bond debt reimbursement, and \$36.6 million for deposit into the REAA and Small Municipal School District Fund. Both of these items are now fully funded.

- \$5 million for AHFC teacher, health, and public safety housing.
- State Council of the Arts \$3.8 million in funding.

Healthcare and Emergency:

- \$75 million to the Department of Health and Social Services to address COVID-19, immediate effective date.
- \$5 million to the Department of Military and Veteran’s Affairs to assist as needed with COVID-19, immediate effective date.
- \$2.7 million to Anchorage COVID-19 Response Fund, immediate effective date.
- \$5 million, Land Mobile Radio.
- \$4.5 million, State Homeland Security.
- \$500,000, Code Blue.
- \$5 million, fire risk reduction.
- API, \$1.6 million for facility upgrades compliance.
- Pioneer Homes, \$2.08 million upgrades for compliance.
- Behavioral Health Treatment and Recovery grants, \$12.8 million, and Prevention and Early Intervention Grants, \$3.25 million.
- Full funding Community Initiatives and Human Services Matching grants.
- \$2 million for AHFC Special Needs Housing plus \$2 million to restore SNUG funds vetoed in HB 206.

Communities:

- Alaska Public Radio \$3.54 million in funding.
- \$20.1 million for the Senior Benefit Program.
- Fully capitalize the community assistance fund at \$30 million.
- \$6 million in community block grants.
- AEA Rural Assistance, \$5.5 million, and AEA Rural Power Systems Upgrade, \$17.5 million.
- Village Safe Water existing infrastructure \$25.9 million and \$38.89 million for first time projects for a total of \$64.83 million.
- \$1.6 million for recreational trails.
- \$250,000 for snow trail development.
- NPRA Grants, \$11.3 million.

Courts and Corrections:

- Added funding to troopers, prisons, court system, and attorneys:
 - \$7.6 million to address Alaska’s growing prison population, and for mental health and rehab services that will help people when they get out of jail;

- \$6.3 million to hire 36 Alaska State Troopers;
- \$1.7 million was added to help increase the court system’s productivity;
- \$1.6 million for criminal prosecutors;
- \$1 million so evidence is processed timely; and
- \$1 million for the Village Public Safety Officer program, for a total of \$14 million.

Transportation:

- \$15.25 million for Alaska Marine Highway.
- \$971.7 million for Highway and Airports.

The operating budget still needs approval by Governor Dunleavy, and he could veto some items. Due to the COVID-19 situation, look for a quick approval process for all budgets this year.

BILLS:

One major piece of legislation that didn’t pass but is still in play are SB 6, the Alaska Reads Act. Work on this bill will continue over the interim.

SB 74 – Internet: SB 74 has passed both bodies and has been signed by the governor. The bill raises internet speeds from 10 Mbps to 25Mbps for the BAGS grant program run by DEED. The deadline to apply for the grants has been extended to April 26th. The increase in bandwidth will access up to \$80 million dollars in E-rate funding. The funding will help 172 schools in 30 districts gain better access to increased internet speeds and bandwidth and will be particularly helpful to remote schools. This has been a CEE priority that we can now check off as completed!

SB 123 – Electric Utilities: SB 123 establishes a framework for cooperation in power production and transmission among six independent electric utilities in Southcentral and Interior Alaska. All six entered into an agreement to work together to establish a reliability organization. This legislation supports that effort by codifying a framework for future work on reliability and transmission standards and integrated resource planning. The bill has been transmitted to the Governor for signature.

HB 232 - Municipal Tax Credits: SB 232 allows local governments to determine property tax credits for energy efficiencies and air quality improvements on retrofits, remodels and new construction. The bill has been transmitted to the Governor for signature.

HB 124 – Online Notarization: HB 124 establishes a secure process for remote online notarization to facilitate commercial transactions in Alaska. The use of electronic records in commercial, governmental, and personal transactions has become increasingly prevalent in recent years. The bill has been transmitted to the Governor for signature.

HB 106 – School Bond Debt: HB 106 extends the suspension date for school bond debt reimbursement for five years, until July 2025. The bill passed the Senate and has been returned to the House for transmittal to the Governor.

HB 235 – Voc Tech: HB 235 reauthorizes the Technical Vocational Education program for one year. There are 10 participants. This program allocates money to regional training centers and the university for its workforce programs. The bill passed the Senate and has been returned to the House for transmittal to the Governor.

HB 29 – Telehealth: HB 235 expands access to telehealth for more Alaskans. This is an additional tool to help protect Alaskan’s health, especially in remote communities.

HB 96 – Pioneer Homes: HB 96 reverses and limits the Dunleavy administration’s rate increases on the Alaska Pioneer Homes. The bill passed the Senate and has been returned to the House for transmittal to the Governor.

SB 120 – Mental Health Services: SB 120 authorizes Advanced Practice Registered Nurses and Physician's Assistants the authority to prescribe psychotropic medication, without consent, to patients in court-ordered inpatient care during a crisis situation. Alaska statutes currently limit prescriptive authority in crisis situations to physicians. HB 290 was added to SB 120 and establishes mental health crisis stabilization centers. These centers will address the unmet need for intermediate services for those experiencing a behavioral health or substance abuse crisis. The bill has been transmitted to the Governor for signature.

HB 197 – Seismic: The bill extends the Alaska Seismic Hazards Safety Commission until June 30, 2028. The bill has been transmitted to the Governor for signature.

SB 155 - Mining: The bill revamps the statutes on administration of state mining leases. The bill makes technical changes to ease problems small miners have in ensuring compliance, so as to not jeopardize their property and ownership rights. The bill has been transmitted to the Governor for signature.

SB 115 - Motor and Marine Fuel Tax Increase: The motor fuels tax would be doubled from 8 cents per gallon to 16 cents per gallon and is projected to bring in \$30 million annually. The revenue will be used to repair and maintain roads. This bill stalled on the last day and may be taken up if the legislature reconvenes.

CONCLUSION:

The legislative session is technically in recess, not adjourned. Legislators are likely to continue working on matters over the summer months. Additionally, the Legislature is talking about a possible special session in the fall or earlier, since a full capital budget hasn’t been resolved. The situation is constantly evolving, and the Legislature and administration are adapting as events unfold. J&H will continue to have a representative in Juneau throughout this process, and we will be washing our hands and working either by ourselves or six feet apart. We will continue to update our clients throughout this process. We will be thinking about all of you, especially our more remote clients. We would also like to thank the members of CEE for the opportunity to work with you and advance your school district’s priorities. It continues to be a pleasure working with all of you and with Sarah. After several years of working together, the J&H-CEE lobbying team is now an established presence in the capitol building and has

become an established contact on education matters. Be especially kind, both to others and to yourself as we all hunker down. Best of health to all of you and we hope to see you next winter in Juneau.

Best regards,

Reggie Soule **Christine Hess**
J&H Consulting