Office of Senator Kaufman

A big thank you to everyone who came out to meet last week! We appreciate the time you took the time out from enjoying the Alaskan scenery. We proposed several questions, and I wanted to share some of the responses we received. Please keep in touch, we'd like to hear from you!

The more is back in Juneau, and the trees clinging to the close outside my window are looking like a postcard. It creates a real backdrop for the many groups and organizations I have been meeting with over the last few weeks as session gets underway. Thank you for your patience.

Our office takes so many meetings with folks visiting the capitol is possible. If there's a issue that's gone on long enough, now is the time to let us know about it.

The subjects cover just about every imaginable topic, and in the course of a single meeting we could be talking about a range of issues from education to the cost of child care, land use, housing, resource development, public safety, and the grass on

Quality Pre-K and Kindergarten Education: Many folks have been in Juneau to testify on what they have to say about funding needs. Sometimes I am asked to support a specific bill, sometimes I am asked to support a specific dollar amount, and sometimes I just sit there and listen. Pre-K and K are the largest supplemental grants we provide to school districts.

While these allegations must be addressed, at that time SOA funding did not impact late-term fetal heart monitoring. Confirmed they only in single package rates computing coverage that was in fact, not the case. Confirmed.

Overcharging Medicaid: Further, the testing rates are a three quarter circle to access the information, and the information is not in a form that is easily usable. The data is not in a machine readable format, and it is not easy to compare. The House already failed the vote treatment to show from CMS, identifying the supplemental to the Senate unfavorable. Yet, the Senate version of the bill does not include the Senate version of the bill. Confirmed.

The Senate Finance Committee will consider the bill tomorrow. Monday. I hope we can provide as available packets – I know the committee members will want to review the

Where are we in the FY27 budget process?

Operating Budget
Most documents posted on capitol.alaska.gov

1. Governor's Proposed Budget
2. Senate version (passed)
3. **Governor's Amended Proposed Budget – We are here**
4. House continued budget (new process)
5. Senate Finance Subcommittees
6. Senate Finance Committee Operating Budget
7. Senate review process
8. Senate Finance Committee Budget
9. Senate passes the Operating Budget
10. House and Senate negotiations a compromise Budget
11. Senate Finance Committee Capital Budget
12. Governor Signs the Budget with Vetoes

Capital Budget
Most documents posted on capitol.alaska.gov

1. Governor's Proposed Budget
2. Senate review process
3. **Governor's Amended Proposed Budget – We are here**
4. House continued budget (new process)
5. Senate Proposed Senate Bill and Budget
6. Senate Finance Pre Capital Budget
7. Senate Finance Capital Budget
8. House Version of the Budget
9. House Finance Pre Capital Budget
10. House Finance Capital Budget Subcommittee
11. Final Budget is passed by the Legislature
12. Governor Signs the Budget with Vetoes

Alaskans Helping Alaskans!

Did you know that 40% of the land in Alaska is owned by the federal government? Alaska's Congressional delegation has been working to change that, and we have access them for traditional, recreational, subsistence, and commercial purposes. Do you can imagine, the rules are complicated and hard for you and I to parse through.

Senator Kaufman's Alaskans Helping Alaskans Program is a partnership between Senator Kaufman's office, the Alaska Congressional Delegation, and the Bristol Bay Native Corporation. Our goal is to help Alaskans navigate the federal land management bureaucracy, and we have been doing just that. We have helped Alaskans with land issues in Bristol Bay, Kodiak, Ketchikan, and Juneau.

This past weekend, the commission members gathered in Anchorage for their first in person meeting. Senator Kaufman's office has been working hard on the ground in securing commissioners and support volunteers—some who served on the last commission, and some who are new.

Each of these people have a wide wealth of institutional knowledge and unique perspectives on the challenges facing Alaska. Senator Kaufman's office is very fortunate to have the support of so many Alaskans who are willing to serve their state. If you have an issue you think CACFP can help you with, reach out and I will help connect you.

Just a Tax Plan

The Governor's bill proposes Senate Bill 51, but a significant turn the week as the Senate Finance Committee heard testimony on the bill, and the testimony changes that completely removed the governor's original intent.

Senate Bill 51 would have taken the Alaska Permanent Fund Dividend off-ramp to become just a tax plan. Other critical elements of a fiscal plan—such as a functional sustainable budget—were not included.

The revised bill removes the Governor's proposed sales tax, and instead makes major changes to the PFD program, including a means test and a reduction in the dividend. Instead of a fiscal plan, the bill would instead create a commission to study Alaska's broad education need tax.

Senate leaders have expressed a clear concern entire pulls current tax system on and gave forward a gross value tax approach. This is a material shift from our current system, and it would be a tax on the value of the state's natural resources, rather than on the profits from those resources. Senate Finance will continue to work on this.

Any proposal that consumers such sales strategies needs to be heavily debated and considered thoroughly. Senate Finance will continue to work on this in the coming weeks.

The Legislature and the State must not open an editable partners with the corporations that extract, sell, and ship the resources of our state to market.

Alaska's budget remains heavily dependent on petroleum revenue, and any structural change to the tax system must be considered carefully, with broad input and analysis and the effect on future investment and production. **Higher taxes won't do any good if they don't result in more revenue.**

Over modeling and spending plans bubble will be essential. And at the end of the day, we need a fiscal plan that comes with a spending cap to ensure we don't spend into the future.

This Year's Retirement Discussion

Will there be a retirement discussion this year? Yes, we will be discussing the retirement return to offering a pension, or Defined Benefit (DB), plan for its public employees.

Billions in Unfunded Liabilities

In 2005, the unfunded liability of our state's pensions ballooned. At the height, we had over $5 billion in unfunded liabilities. Today, we have about $1.5 billion in unfunded liabilities.

At this point, the legislature made a prudent decision to end our DB system and replace it with a hybrid style with a mandatory instead, alternative known as a Defined Contribution (DC) system.

The More Funds Are Needed, the Less Are Available

Now, after years of tight budgets, many folks in Juneau are advocating that we return to a DB system. Unfortunately, the math of our situation is not in their favor.

Alaska's Constitution prohibits lawmakers from touching their retirement benefits. Instead, the Legislature must fund the retirement system in full, and the State's Fiscal obligation is binding it. Retirement policy cannot be adjusted for current employees, and the State's obligation to fund the system is binding. The only way to change the system is to create a brand-new retirement instead, alternative known as a Defined Contribution (DC) system.

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In the previous system, many of the assumptions were wrong and the state self-insured, and the State's fiscal obligation was underestimated. Under the current system, the State's fiscal obligation is clear, and the State's fiscal obligation is protected from over-30 years-ago instead of paying for services Alaskans rely on.

Zero Bill Increase for Rural Hospitals

When the state increased its LIPD system, the state spread employees out of social security and into a state-only system. Many of our rural hospitals employed a number of such employees and have been paying into the state system. Employers that participate in that social security replacement is often as much as five DC retirement—effectively increasing the cost of hiring.

If you are a hospital, a police officer, firefighter, or other municipal employee you have a choice. You can choose to be in the state's retirement system, or you can choose to be in a plan that contributes to your Social Security account. Many of our rural workers have. Municipalities saved money, but their retirees are now paying the price.

Because all of these employees are behind, changing to a DB plan would be very costly to the state. The state would need to pay the full cost of the retirement system, including a portion of the DB plan accrued by the state's employees, leaving them with both an income gap.

Closing Arguments

Supporters of returning to a DB system argue that it will improve recruitment and retention, and that it will save money in the long run. The data does not support that. Alaska's retention rate is in the middle of the pack, and it is not an outlier.

Closer the urban road gap in short and material mortality and morbidity by 2030.

Develop new behavior related to chronic disease, by 2030, by 10 percent.

Ensure that 80% of Alaskan have a usual source of primary care.

Increase the number of Alaskan who are in good health, by 2030, by 10 percent.

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Shift health care spending from acute care to preventive care by 10%.

Create a variety of proposed funding ideas, and PERF application will be used to submit ideas of interest between February 17th and March 17th to the State Medicaid Agency.

The program will have two tracks:

1. Readiness grants: for projects that need support developing administrative, workforce, or infrastructure capacity.
2. Planning grants: for projects that need support planning a design and implementation strategy.
3. Project implementation grants: for projects that are ready to begin implementation. Targeted Population Projects, for projects identified by DOH as addressing a high-impact need.

Financial Recipients include, but are not limited to:

1. Tribal health organizations
2. Hospitals and clinics
3. Tribal Health Organizations
4. Nonprofits
5. Local Governments
6. Community centers
7. Schools
8. Non-profit organizations
9. State agencies

Technical Assistance on RHTP funding includes:

1. Construction of new facilities or building expansions
2. Purchase of medical equipment
3. Funding school services and behavioral health services
4. Supplanting existing funding
5. Supporting telehealth and other coordination costs, and workforce recruitment and retention expenses
6. Provider loan repayments
7. Provider scholarship programs
8. Supplanting non-Medicaid to Medicaid match
9. Rural Transit

Focus on sustainability for projects funded by the RHTP, there are 3 years of one-time funds and will necessarily dry up. The goal for the federal program is to "kick-start" sustainable changes, and the state will need to find ways to continue the programs after the federal funding ends. Sustainability is a major focus of the program.

If you have an idea, the program is competitive, but now the potential to make health care more delivery better, and more accessible for Alaskans.

I am looking forward to seeing these programs move forward in improving the access, delivery, and overall quality of health care.

If you are a healthcare provider who is interested in learning more or submitting a idea of interest, reach out to me and I will connect you with the right people.

Check in on My Bills

My biggest legislative priorities continue to be addressing Medicaid Big Beautiful Bill cuts, and the cost of child care. I'm also working on a few bills that I'm excited about that I believe can make meaningful changes to our state and communities.

Do they these and let me know if you have any thoughts!

Fiscal Policy

GAP-Based Day on Medicaid Spending | SB 52 | SJR 4

Senate Bill 52 is a bunchcase state Medicaid spending cap based on Medicaid spending as measured by GDP-and-government-based growth. This would ensure we sustain stability and predictability in our budgetary process – a foundation for long-term planning and economic growth. Alaska's current system makes it very difficult to meet the breaks cuts in down years.

Incorporating Strategic Reserves into Budgeting | SB 27

Senate Bill 27 recognizes the importance of Alaska's strategic reserves and incorporates sustainable management into the state's budgeting process. Alaska's reserves are a critical tool for managing our fiscal cliff and shortage spending years, they help us smooth out our budgetary cycles, and they are a critical tool for long-term economic transparency for the public.

Modernizing Our Retirement System

A little background, the Permanent Fund is divided into two accounts, the Earnings Reserve and the Principal. The Earnings Reserve is used to pay out the annual dividend, and the Principal is invested in a diversified portfolio managed by a Department of Revenue Division (DOR) drawn its managed dividends from the Permanent Fund. The DOR invests the Principal in a diversified portfolio managed by the Alaska Permanent Fund Corporation (APFC) and pays a management fee for the service.

There is a growing understanding by both the Permanent Fund Corporation and the Legislature that the current system is not working as well as it should. The current system of paying a management fee to a separate entity is a fiscal crisis if the DR is ever underfunded, and it creates a situation where the Legislature is underfunding Trustees "DC" retirement system, and the Trustees are underfunding and recommended solution.

DOR is concerned that Principal and the Earnings Reserve into one account managed by one entity. It has constitutional "for public benefit" DOR, and APFC are both in agreement that this is a good idea. The Legislature is also in agreement, and we are encouraging amending the Alaska Constitution to allow for this. Amending is a Senate resolution. SJR 5 is currently in the Senate Judiciary.

Modernizing Government

Repealing Unused and Inactive Funds | SB 50

We've opened up time debating the Alaska Capital Budget, and we've also taken on the issue of our inactive and unused funds. Alaska has repeated several long-dormant funds and accounts, and unused funds and inactive balance reserve mechanism to identify more funds to be repealed. We've made some out of the beginning of the year and ensured that here on the Senate Floor we will be taking SB 50 raises the bar for repealing or sun-footed, by requiring 3/4 of the legislature to approve a repeal rather than a simple majority. The bill is currently in the Senate Finance Committee.

Creating an Office of Technology | SB 28

Senate Bill 28 recognizes the importance of Information Technology (IT) projects in increasing efficiency and reducing costs in state government. It also recognizes the importance of cybersecurity in protecting our state's critical data, and development of a cybersecurity workforce. Alaska's current IT system is fragmented, and this bill creates a consolidated office to manage the risk of disruptions. SB 28 is currently in the Senate Finance Committee, and I am working to prepare it for the next hearing.

Community Updates

PFD Applications are Open
PFD applications are available until March 31, 2026. Find it by logging into your account at pfd.alaska.gov. Need help? Call the PFD Customer Service Center at 907-465-3085 or 1-800-764-3040.

I am there to help!

As always, I want to hear from you! Whether you have an opinion you would like to share, need help navigating a state agency, or just want to share your thoughts, I'm ready to work on behalf you and Alaska's Senate District Q.

Reach out:
By Phone: Monday-Friday, 9am to 5pm
By Email: Anytime!

P: 907-465-3946 E: Sen.Jesse.Kaufman@akleg.gov

Find Your Community Council

Hillside Community Council Meeting
Wednesday, March 18, 6:00-8:00 PM
Alaska Conference of Seventh-day Adventists Bible Headquarters building 8477 Old Seward Highway, Anchorage
Also available on Zoom: Meeting ID: 895 6049 3823 | Passcode: 31202

Huffman/O'Malley Community Council Meeting
Thursday, March 19, 7:00-9:00 PM
In-person at Huffman Elementary School at 13500 Lindsey St
Also available on Zoom: Meeting ID: 894 4195 7125 | Passcode: 94321

Hillside Home & Land Owners (HHLO)
Check online for meeting details, typically held on the first Tuesday of the month at 7:00PM
Delayed for the July and August meetings due to Fourth of July
Also available on Zoom: Meeting ID: 813 7318 0383 | Passcode: 7500
Contact: Jim Hall at 907-346-1157 or jimhall@alaska.net

Abbott Loop Community Council Meeting
Thursday, March 19, 7:00-9:00 PM
Also available on Zoom: Meeting ID: 834 4640 7406 | Passcode: 80120

Paid for by Senator Jesse Kaufman
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