

**ALASKA STATE LEGISLATURE  
HOUSE STATE AFFAIRS STANDING COMMITTEE**

April 9, 2002

8:06 a.m.

**MEMBERS PRESENT**

Representative John Coghill, Chair  
Representative Jeannette James  
Representative Hugh Fate  
Representative Gary Stevens  
Representative Peggy Wilson  
Representative Harry Crawford  
Representative Joe Hayes

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE BILL NO. 444

"An Act relating to buildings covered under the Alaska public building fund; and providing for an effective date."

- MOVED HB 444 OUT OF COMMITTEE

**CONFIRMATION HEARING**

Alaska Public Offices Commission

Sheila Gallagher - Anchorage

- CONFIRMATION ADVANCED

SENATE CONCURRENT RESOLUTION NO. 29

Relating to urging the Governor to institute a hiring freeze on state government.

- MOVED HCS SCR 29(STA) OUT OF COMMITTEE

**CONFIRMATION HEARING**

State Commission for Human Rights

Kathy K. Wisthoff - Anchorage

- CONFIRMATION ADVANCED

HOUSE BILL NO. 380

"An Act relating to reimbursement for certain Medicare premium charges for persons receiving benefits from the teachers' retirement system, the judicial retirement system, the elected public officers retirement system, and the public employees' retirement system."

- MOVED HB 380 OUT OF COMMITTEE

HOUSE BILL NO. 487

"An Act relating to fireworks; and providing for an effective date."

- BILL HEARING POSTPONED TO 4/11

**PREVIOUS ACTION**

BILL: HB 444

SHORT TITLE:ALASKA PUBLIC BUILDING FUND

SPONSOR(S): REPRESENTATIVE(S)JAMES

| Jrn-Date | Jrn-Page |     | Action                             |
|----------|----------|-----|------------------------------------|
| 02/19/02 | 2308     | (H) | READ THE FIRST TIME -<br>REFERRALS |
| 02/19/02 | 2308     | (H) | STA                                |
| 04/09/02 |          | (H) | STA AT 8:00 AM CAPITOL 102         |

BILL: SCR 29

SHORT TITLE:HIRING FREEZE

SPONSOR(S): SENATOR(S) KELLY

| Jrn-Date | Jrn-Page |     | Action                               |
|----------|----------|-----|--------------------------------------|
| 02/19/02 | 2224     | (S) | READ THE FIRST TIME -<br>REFERRALS   |
| 02/19/02 | 2224     | (S) | FIN                                  |
| 02/26/02 |          | (S) | FIN AT 9:00 AM SENATE FINANCE<br>532 |
| 02/26/02 |          | (S) | Heard & Held                         |
| 02/26/02 |          | (S) | MINUTE(FIN)                          |
| 03/22/02 |          | (S) | FIN AT 9:00 AM SENATE FINANCE<br>532 |
| 03/22/02 |          | (S) | Moved Out of Committee               |
| 03/22/02 |          | (S) | MINUTE(FIN)                          |
| 03/22/02 | 2501     | (S) | COSPONSOR(S): DONLEY, LEMAN          |
| 03/22/02 | 2496     | (S) | FIN RPT 7DP 2NR                      |

|          |      |     |   |
|----------|------|-----|---|
| 03/22/02 | 2496 | (S) | DP: DONLEY, KELLY, GREEN,<br>AUSTERMAN, |
| 03/22/02 | 2496 | (S) | WILKEN, WARD, LEMAN;                    |
| 03/22/02 | 2496 | (S) | NR: HOFFMAN, OLSON                      |
| 03/26/02 |      | (S) | RLS AT 11:00 AM FAHRENKAMP<br>203       |
| 03/26/02 |      | (S) | MINUTE(RLS)                             |
| 03/27/02 | 2540 | (S) | RULES TO CALENDAR 10R 3/27/02           |
| 03/27/02 | 2544 | (S) | READ THE SECOND TIME                    |
| 03/27/02 | 2545 | (S) | PASSED Y15 N5                           |
| 03/27/02 | 2545 | (S) | ELTON NOTICE OF<br>RECONSIDERATION      |
| 03/28/02 | 2561 | (S) | RECON TAKEN UP - IN THIRD<br>READING    |
| 03/28/02 | 2561 | (S) | PASSED ON RECONSIDERATION Y14<br>N3 E3  |
| 03/28/02 | 2563 | (S) | TRANSMITTED TO (H)                      |
| 03/28/02 | 2563 | (S) | VERSION: SCR 29                         |
| 04/01/02 | 2733 | (H) | READ THE FIRST TIME -<br>REFERRALS      |
| 04/01/02 | 2733 | (H) | STA, FIN                                |
| 04/09/02 |      | (H) | STA AT 8:00 AM CAPITOL 102              |

**BILL: HB 380**

SHORT TITLE:REIMBURSE CERTAIN RETIREE MEDICARE CHARGE  
SPONSOR(S): REPRESENTATIVE(S)JAMES

| Jrn-Date | Jrn-Page |     | Action                             |
|----------|----------|-----|------------------------------------|
| 02/04/02 | 2143     | (H) | READ THE FIRST TIME -<br>REFERRALS |
| 02/04/02 | 2143     | (H) | STA, FIN                           |
| 02/19/02 | 2329     | (H) | COSPONSOR(S): HUDSON               |
| 02/28/02 |          | (H) | STA AT 8:00 AM CAPITOL 102         |
| 02/28/02 |          | (H) | Scheduled But Not Heard            |
| 03/14/02 |          | (H) | STA AT 8:00 AM CAPITOL 102         |
| 03/14/02 |          | (H) | Scheduled But Not Heard            |
| 03/19/02 |          | (H) | STA AT 8:00 AM CAPITOL 102         |
| 03/19/02 |          | (H) | Heard & Held                       |
| 03/19/02 |          | (H) | MINUTE(STA)                        |
| 03/19/02 | 2611     | (H) | COSPONSOR(S): STEVENS,<br>CRAWFORD |
| 03/26/02 |          | (H) | STA AT 8:00 AM CAPITOL 102         |
| 03/26/02 |          | (H) | Heard & Held                       |
| 03/26/02 |          | (H) | MINUTE(STA)                        |
| 04/09/02 |          | (H) | STA AT 8:00 AM CAPITOL 102         |

**WITNESS REGISTER**

CHRIS PARCE, Director  
Central Office  
Division of General Services  
Department of Administration  
PO Box 110210  
Juneau, Alaska 99811-0210  
POSITION STATEMENT: Testified on HB 444.

SHEILA GALLAGHER, Appointee  
to the Alaska Public Offices Commission  
200 West 34th Street, PMB 774  
Anchorage, Alaska 99503  
POSITION STATEMENT: Testified as Appointee to the Alaska Public  
Offices Commission.

WENDY HALL, Staff  
to Senator Pete Kelly  
Alaska State Legislature  
Capitol Building, Room 518  
Juneau, Alaska 99801  
POSITION STATEMENT: Presented SCR 29 on behalf of sponsor.

JACK KREINHEDER, Chief Analyst  
Office of the Director  
Office of Management & Budget  
Office of the Governor  
PO Box 110001-0001  
Juneau, Alaska 99811-0001  
POSITION STATEMENT: Answered questions on SCR 29.

KATHY K. WISTHOFF, Appointee  
to the State Commission for Human Rights  
18739 Villages Scenic Parkway  
Anchorage, Alaska 99516  
POSITION STATEMENT: Testified as Appointee to the State  
Commission for Human Rights.

**ACTION NARRATIVE**

TAPE 02-37, SIDE A  
Number 0001

CHAIR JOHN COGHILL called the House State Affairs Standing  
Committee meeting to order at 8:06 a.m. Representatives  
Coghill, James, Fate, Stevens, and Hayes were present at the

call to order. Representatives Wilson and Crawford arrived as the meeting was in progress.

HB 444 - ALASKA PUBLIC BUILDING FUND

CHAIR COGHILL announced that the first order of business would be HOUSE BILL NO. 444, "An Act relating to buildings covered under the Alaska public building fund; and providing for an effective date."

Number 0080

REPRESENTATIVE JEANNETTE JAMES, sponsor, presented HB 444. She explained that the original bill [HB 112, 21st Legislative Session] that passed on the Alaska Public Building Fund listed the facilities that were covered for deferred maintenance for only a trial period. The advantage of setting up the Alaska public building fund was to put the amount of depreciation in the fund that was allowed on the rentals. She explained how the state was able to gather more money through this process to have the money for deferred maintenance. She noted that this will not take care of all the maintenance issues, but that it goes in that direction. The building fund carries over year to year if the money is not used. The legislature can take that money for something else; in fact, the first year it did that, which very much distressed her.

REPRESENTATIVE JAMES indicated that there are some very serious needs in some of the buildings on the list in Juneau. Since it worked well on the buildings during the trial period, this bill, instead of defining what covered buildings means, just simply says, "'covered buildings' means any building owned by the state for which the responsibility for operation, maintenance, and management has been assigned to the Department of Administration."

Number 0450

CHAIR COGHILL asked if increasing the number of buildings would diminish the ability to take care of the buildings.

REPRESENTATIVE JAMES said no and that wasn't the intent. The intent is the ability to determine what the rent ought to be. The only things being paid for now in the budget are the lights and the specifics. In this case, the rent on the space will be determined and then the budget would cover the rent, which includes some depreciation as well as the other things. She

commented that it is a rational way to handle the buildings. It provides the opportunity to charge other agencies or groups that use any part of the buildings the same rent that the state charges itself. Instead of getting a free ride, they'll have to pay some rent toward the depreciation of the building. She noted that the day after this legislation is passed, not all the buildings around the state will be included; it'll go gradually forward as the numbers are established.

Number 0590

REPRESENTATIVE JAMES said if the agencies are paying so much per square foot for rent, she believes that they may choose to be in a smaller space, so there will be more money for programs or whatever they do. She has always been opposed to the state owning anything. She supports the private sector's owning the buildings, and the state should rent them for an amount that manages to keep them in good condition. That's a hard sell because it's more money, she suggested. The state is going to continue to come up with extra money to fix things, because this isn't going to fix everything, but this is a lot better than what used to be. She urged everyone to support it.

Number 0690

REPRESENTATIVE STEVENS commented that this is not really an issue of garnering rent but rather establishing a fund from which the buildings would be maintained adequately. He agreed it is a wise thing to do and expressed surprise that it hadn't been done before.

Number 0740

CHAIR COGHILL asked if there were any reports of how it's gone on any of the specific designated buildings.

REPRESENTATIVE JAMES answered that the Department [of Administration] has indicated things are working well. She said she has visited some of the buildings on the list and noted they are in desperate need of more maintenance than this would provide, but that's because they started out needing a lot of maintenance. There is another piece of legislation that would allow bonding to do some of that repair work. She commented that it is an embarrassment to her to have state workers working in the conditions of some of the buildings.

Number 0830

REPRESENTATIVE FATE asked why this hasn't been done before.

REPRESENTATIVE JAMES said it has been done for the last two years, and it was just lucky to get that bill through the "other end of this building." She also explained that she has been working on this issue for eight years before that, trying to get some methodology to set aside the amount of money needed for keeping things up. It had to start as a trial issue in order to get it through. In fact, the other body took the money out of it that year and put it in the budget for another purpose. There are probably lots of reasons why it wasn't done before, but that's not important now, she commented; it's starting now and needs to go forward.

REPRESENTATIVE JAMES explained that in her very first House State Affairs Standing Committee meeting, she had a wonderful plan to manage maintenance on all facilities, but the fiscal note was enough to "choke a horse." All the committee members liked the idea, but they couldn't deal with the fiscal note. She said, "We'd be a lot further if we could've done that."

Number 1025

CHRISTINE PARCE, Director, Central Office, Division of General Services, Department of Administration (DOA), agreed that HB 112 had been a success and much to the credit of Representative James. It provided the opportunity to charge rent, determine depreciation, garner those funds, and bring new money to the state to be used to stop the further deterioration of the buildings. There are many large projects the deferred maintenance list can't address. It is a good thing that the department is able to use these depreciation dollars now to prevent further deterioration.

Number 1107

REPRESENTATIVE STEVENS asked how the fund works and if the funds can be used on any of the buildings.

MS. PARCE explained that each building is regressed to its date of origin, and an accounting process determines how the building can be depreciated. That number is an expense in the rent factor, along with utilities and regular maintenance expenses such as cleaning, janitorial, and that sort of thing. Those monies are particular to a building, and the expenses are tracked building by building. It is all in one pool, so she

supposed if there were a desperate need somewhere, that money could be used from one building to another in an emergency, but that isn't the purpose. The purpose is for the funds to be retained for that building.

REPRESENTATIVE STEVENS asked if the money would be enough to replace the building eventually.

MS. PARCE said she didn't think that was true. It's just for basic maintenance. The depreciation doesn't bring in a lot of money. She estimated the amount for the nine buildings for 2002 at \$1.7 million.

Number 1275

CHAIR COGHILL asked about the process for adding buildings to the list.

MS. PARCE told the committee that on July 1, 2001, the department took over the buildings on the list of HB 112. There had been a lot of work in anticipation of that in calculating costs and figuring the rent and depreciation. In November, the department entered into a management agreement with DOT&PF [Department of Transportation & Public Facilities] to look at other buildings: the Dimond Courthouse, the museum, and the support building. With the expenditures in FY 01 and the bills DOT&PF had paid on those buildings, there was a body of information. One by one, each building will be regressed and the true value, replacement value, and depreciation will be determined. It's not going to be in one fell swoop, she noted. Most of the buildings covered are in the Southeast region. Also covered are the FROB [Fairbanks Regional Office Building] and the [Robert B.] Atwood [Building] in Anchorage, but the department won't be expanding into those areas immediately.

Number 1430

REPRESENTATIVE STEVENS said he assumes that the covered buildings in the bill include most state buildings. He asked if courthouses and fish and game buildings in various communities are generally covered by the DOA, or are owned by the individual agencies.

MS. PARCE answered that some departments are responsible for facilities. The buildings on the list from HB 112 are under the responsibility of the Department of Administration. The DOT&PF continues to maintain many facilities, including office

buildings, airports, and harbors; the Department of Corrections maintains prisons; and the [Alaska Department of] Fish and Game and the Department of Public Safety have facilities they maintain. She said she foresees the DOA trying to take the management responsibility for office structures.

REPRESENTATIVE STEVENS wondered if eventually all the state buildings would be under the Department of Administration.

MS. PARCE said she didn't know; that's a "big world."

REPRESENTATIVE JAMES commented that DOT&PF is certainly one of the larger administrations, and that she would be pleased to have it getting back to building roads instead of managing buildings.

REPRESENTATIVE STEVENS said he sees the wisdom in having a maintenance fund, whether it is under DOA or not.

Number 1583

REPRESENTATIVE JAMES noted there are still horrible situations in buildings, even though it's been worked on the last ten years.

CHAIR COGHILL commented that the state built a lot in the 1980s and didn't anticipate the maintenance and operation.

Number 1602

REPRESENTATIVE HAYES asked if the current GO [general obligation] bond would cover deferred maintenance or just new buildings.

MS. PARCE explained that the governor's bill is for many deferred maintenance projects.

Number 1694

REPRESENTATIVE WILSON moved to report HB 444 out of committee with individual recommendations and the accompanying zero fiscal notes. There being no objection, HB 444 was reported from the House State Affairs Standing Committee.

#### CONFIRMATION HEARING

#### Alaska Public Offices Commission

Number 1724

CHAIR COGHILL announced the next order of business would be the confirmation hearing for the appointee to the Alaska Public Offices Commission.

Number 1772

SHEILA GALLAGHER, Appointee to the Alaska Public Offices Commission (APOC), testified via teleconference. She told the committee that she wants to serve on this commission because she was asked and it is her civic responsibility. She said that she has the background and can do it.

CHAIR COGHILL expressed his appreciation to Ms. Gallagher for her willingness to serve on APOC. He noted her law and mediation experience and asked about her experience with APOC now.

MS. GALLAGHER answered that she just started in June.

REPRESENTATIVE FATE asked how many attorneys are working with her on APOC.

MS. GALLAGHER answered there are none on the staff right now.

CHAIR COGHILL asked her if she anticipated any problems.

MS. GALLAGHER answered that she thinks one of the problems will be implementing the new bill [SB 103] and conforming to Judge Singleton's decision, since there has been such a radical change on the soft-money issue.

CHAIR COGHILL asked her if the forms will be changed as a result of SB 103.

MS. GALLAGHER answered that the staff is working on changing some forms and working on some proposed regulations for the commission to review at the next meeting.

CHAIR COGHILL asked her if there was much talk of online reporting.

MS. GALLAGHER answered yes, ultimately, almost all of the forms will be filed online. The commission also has discussed how to

educate the people in communities who also have to file these forms.

Number 1990

[Although there was no formal motion, the confirmation of Sheila Gallagher was treated as advanced from committee.]

SCR 29 - HIRING FREEZE

Number 2020

CHAIR COGHILL announced that the next order of business would be SENATE CONCURRENT RESOLUTION NO. 29, Relating to urging the Governor to institute a hiring freeze on state government.

Number 2032

WENDY HALL, Staff to Senator Pete Kelly, Alaska State Legislature, presented SCR 29 on behalf of Senator Pete Kelly, sponsor. She told the committee that Senator Kelly put forth this resolution urging the governor to institute a hiring freeze for all the positions funded by the general fund. She said that Senator Kelly and his office feel that this is the most logical first step when facing a fiscal crisis. Right now the deficit stands at 46 percent of the general funds. This isn't a solution to the problem, but it would help.

Number 2080

REPRESENTATIVE HAYES asked if the 858 full-time positions with the price tag of \$115 million are all general fund money.

MS. HALL replied she wasn't sure.

REPRESENTATIVE HAYES asked if SCR 29 addresses bills in this legislative session that have fiscal notes to implement new employees or addresses just the governor's budget.

MS. HALL answered that it would be every position funded through general fund money, except for health and safety positions such as firefighters.

REPRESENTATIVE HAYES said there are bills addressing economic development to address shortages in departments for permitting, so just involving health and safety doesn't necessarily help the economic development. In order to move the state forward, some

people will have to be hired to help with the permitting and economic development. If those positions are included in the freeze, the state would move backward, he commented. He asked if the sponsor had looked at that.

MS. HALL replied that this isn't a permanent hiring freeze. She said that she doesn't see the gas pipeline coming in the next year or so. Obviously, if people are needed to build the pipeline, that would be an exception, or hopefully the hiring freeze would be over by then.

Number 2280

REPRESENTATIVE CRAWFORD pointed out that the Department of Labor & Workforce Development is shorthanded right now. There are not enough people in Wage & Hour in Anchorage to do the job now. A lot of enforcement isn't being done because they are shorthanded. If there is a hiring freeze, then the work will still not get done. He asked what efficacy would this have by not getting the work done.

MS. HALL said she wasn't familiar with the problems in the Department of Labor & Workforce Development. She indicated that this bill was primarily aimed at those departments where positions haven't been filled for six months to a year, and suggested that those positions perhaps weren't necessary.

Number 2353

REPRESENTATIVE JAMES said that this is certainly just a statement to the governor that the legislature wishes he would do this. She doesn't find it to be very effective, she commented, except for making a statement, but it is a statement that is okay to make. She said her biggest concern is there is no date by which this is requested and no timeline. It is open-ended. She agreed that economic development issues are being looked at, but she doesn't expect any in the next few months; however, within six months or more, there may be some opportunities. Certainly if that is the case, something will have to be done. This resolution doesn't say it can't; it is just urging the governor to stop hiring for now. Based on that fact, she indicated that she can support this.

Number 2542

REPRESENTATIVE STEVENS commented that he hoped the state won't have to face this issue, and that the legislature will address

the fiscal gap and deal with the current revenue shortfalls. This resolution is saying if that isn't done, the hemorrhaging has to stop; money can't be spent when it isn't coming in. He expressed support for the resolution.

Number 2579

REPRESENTATIVE FATE agreed the resolution sends a message to make the government more effective and efficient. He commented that he does not believe that a freeze, not cuts, would hurt the state in going ahead in developing its economy. It might be just the converse. He said that he doesn't believe a freeze would have a sudden impact, because it's the attrition that would begin to reduce the size of government. He expressed support for this resolution.

Number 2749

REPRESENTATIVE WILSON asked if there are vacancies that aren't filled in various departments, whether the money sit there waiting for that person to be hired, so there is excess money in that department.

Number 2776

JACK KREINHEDER, Chief Analyst, Office of the Director, Office of Management & Budget, Office of the Governor, told Representative Wilson that it tends to be case-specific and time-specific. If a position were vacant a whole year and funded through the capital budget, the money would lapse at the end of the year, so it wouldn't sit there in the department forever. If a position were vacant for a few months, the money could be available if the department was short on money for another position. The excess money for the vacant position might be used if it were in the same component of the department; money can't be transferred across on appropriations.

Number 2844

REPRESENTATIVE WILSON asked how much money is represented by the 858 positions in the resolution.

MR. KREINHEDER replied that he cannot give an exact number on that but will get back to her with a more specific answer.

REPRESENTATIVE WILSON agreed with Representative Fate that this is something to look at. This is a way to at least put a halt

to growth now, while there is such a budget deficit with the least destruction to the state. She said she thinks this is an excellent resolution.

CHAIR COGHILL asked Mr. Kreinheder to answer Representative Hayes's question about how many of these positions are funded out of the general fund.

MR. KREINHEDER answered that not all of the positions are funded out of the general fund, but he doesn't have the specific breakdown. The 858 figure is from the Division of Legislative Finance. The administration strives to have its numbers match the division's numbers, but there is a different set of numbers in this case, so it is difficult to reconcile it. As an example, he shows that approximately one-third of the new positions added for FY 03 would be either federally funded or self-supporting.

CHAIR COGHILL said he understands that many of the Department of Labor & Workforce Development's new positions would be federally funded.

MR. KREINHEDER agreed.

Number 2963

REPRESENTATIVE FATE asked how many employees in state government are funded from the general fund.

MR. KREINHEDER said he didn't have that number off the top of his head but would get back to Representative Fate.

TAPE 02-37, SIDE B  
Number 2968

MR. KREINHEDER said the administration shows 536 new positions. The main reason for the difference is that the administration numbers look what agencies have in place compared with the governor's proposed FY 03 budget. The 858 number from the Division of Legislative Finance is from the FY 02 authorized budget enacted by the legislature. He commented that it is comparing apples and oranges.

CHAIR COGHILL reminded the committee that there are many positions that were authorized but not filled.

Number 2897

REPRESENTATIVE JAMES expressed her concern about the increased use of and dependency on federal funds.

Number 2798

MR. KREINHEDER asked Ms. Hall if the resolution had a timeframe or would it be just a one-year hiring freeze.

MS. HALL answered that it would be up to the governor's discretion after the deficit decreased.

Number 2760

MR. KREINHEDER said the administration had a hiring freeze in 1999 when the oil price fell below \$10 per barrel. The exact dollar amount that hiring freeze saved was not calculated, but there were some modest savings. He stated that the administration's viewpoint is that a hiring freeze is a short-term solution. Alaska's fiscal gap is not a short-term problem; it's a long-term problem. He emphasized that the focus needs to be on fixing the long-term problem with a long-term solution.

MR. KREINHEDER referred to the hiring freeze as management by chance. It depends who decides to move or take another job and whether that position is a vital one. He said that is not a good way to do business for the long term.

Number 2635

MR. KREINHEDER commented that although SCR 29 does have an exemption for health and safety, there is concern about the economic development impact. For example, biologists are needed to open fisheries, but the Alaska Department of Fish and Game (ADFG) is losing biologists to the federal government because the wages are more competitive with the 25 percent COLA [cost of living adjustment]. There are already problems with recruitment and retention, and a hiring freeze will only aggravate that.

MR. KREINHEDER also noted that some positions in the Department of Revenue are vital for collecting revenue. If those positions were vacant, that could actually worsen the fiscal gap rather than help it. He said he presumes that state troopers would not be part of the hiring freeze, but asked about all the administrative staff that support those troopers. The department can't be run effectively without the administrative

staff to provide the support and help hire new troopers, he stated.

CHAIR COGHILL announced that the hearing on SCR 29 would be continued after the testimony on the confirmation hearing.

#### CONFIRMATION HEARING

#### State Commission for Human Rights

CHAIR COGHILL announced that the next order of business would be the confirmation hearing for the appointee to the State Commission for Human Rights. He asked Ms. Wisthoff to explain why she wants to serve and what she expects to be able to accomplish.

Number 2508

KATHY K. WISTHOFF, Appointee to the State Commission for Human Rights, testified via teleconference. She told the committee that she has just completed a five-year term and this will be a reappointment. She said she is interested in human rights and believes that everyone is entitled to a fair playing field in whatever areas are protected by the state. She has enjoyed serving on this commission and looks forward to serving another five years.

CHAIR COGHILL asked Ms. Wisthoff what she sees as issues in Alaska.

MS. WISTHOFF answered that one area is discrimination of Alaska Natives. Other than that, the discrimination issues are probably the same as those faced by other states, which continue to be gender, age, and race discrimination, mainly in employment and housing.

Number 2390

REPRESENTATIVE JAMES asked Ms. Wisthoff about the profiling issue, which is really bias based on race, religion, or national origin, not whether the issue is based on some behavior.

Number 2282

MS. WISTHOFF agreed that is a concern. There are cases where people have been fired for being a bad employee but claimed it was due to discrimination. The investigators working for the

commission have been very good about finding out that indeed the person was a bad employee and the cases were dismissed. It isn't always a case of discrimination. She said she thinks the commission has done a good job of seeking out that information.

CHAIR COGHILL asked how the commission deals with complaints when there are quotas for hiring.

MS. WISTHOFF replied she didn't know; she'd never had a case like that.

CHAIR COGHILL asked how the commission proves whether someone was not hired because of discrimination.

MS. WISTHOFF answered that it comes down to a very thorough investigation. The history of the person doing the hiring has to be investigated. There is an interview process with the supervisor and all of the co-workers that could have been involved with the supervisor.

Number 2095

CHAIR COGHILL asked how retribution would be handled in these cases.

MS. WISTHOFF said there is protection from retribution in the human rights law. If there are reported cases of retribution, they are thoroughly investigated because it is not legal. She explained that mediation is used in some cases. The commission doesn't have the authority to demand back pay; all it can do is make the agency fix an offending behavior through training of staff. Personnel records can be changed to reflect that someone wasn't fired for a bad performance if indeed it turns out to have been discrimination. There have been awards of pay, but there have never been huge claims. The commission's job is to find out if these things are happening, and if they are, train the people on how to avoid them and make sure the offending behavior stops.

MS. WISTHOFF said claimants can file a claim in court if they feel that the commission didn't respond in the way they wanted to see it resolved.

CHAIR COGHILL asked if the commission's report was an item of discovery in a court hearing.

MS. WISTHOFF said she thought it was but wasn't sure because she had not followed cases that had gone on to court.

CHAIR COGHILL thanked Ms. Wisthoff for her willingness to serve.

[Although there was no formal motion, the confirmation of Kathy Wisthoff was treated as advanced from committee.]

SCR 29 - HIRING FREEZE

CHAIR COGHILL announced that the committee would resume the hearing on SENATE CONCURRENT RESOLUTION NO. 29, Relating to urging the Governor to institute a hiring freeze on state government.

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Number 1860

MR. KREINHEDER reported that he'd had a chance to check on the total number of state employees. As of October 2001, there were 23,500 part-time and full-time state employees, which includes the University of Alaska.

Number 1753

REPRESENTATIVE WILSON asked if contracted employees were counted in that number.

MR. KREINHEDER answered that he didn't believe so, but he would have to confirm that.

Number 1669

REPRESENTATIVE JAMES said she thinks there is some benefit to a hiring freeze where it works, but she is not convinced that it works across the board.

Number 1540

REPRESENTATIVE CRAWFORD agreed with Representative James. He said he thinks a blanket hiring freeze is bad policy. "If there are some jobs we don't want done, we ought to make that decision," he said.

Number 1372

REPRESENTATIVE HAYES made a motion to adopt Amendment 1, which read:

Page 2, line 3, change "healthy" to "health"

Page 2, line 3:

Following "health"

Delete "and" and insert ", "

Following "safety"

Insert "and economic development"

CHAIR COGHILL objected and said economic development could be anything.

REPRESENTATIVE HAYES explained that there are some economic development bills in the legislative process and that the hiring freeze would not take those positions into consideration, which could cause a problem.

Number 1219

REPRESENTATIVE JAMES agreed that economic development is broad, but it certainly has a purpose: it makes money. She suggested new wording. The resolution is only sending a message, she said.

REPRESENTATIVE FATE suggested that what constitutes an emergency might be a part of the amendment.

Number 1043

REPRESENTATIVE HAYES said he wasn't sure if economic development would fall into an emergency. Permitting for new oil leases is not such an emergency, but it would enhance economic growth.

REPRESENTATIVE FATE asked what is going to be the least painful way to deal with the deficit. The situation in Alaska demands some sort of stricture on government spending, he stated.

REPRESENTATIVE HAYES said he wants the message to be that Alaska is open for business.

CHAIR COGHILL said he is inclined to leave the resolution as it is.

Number 0606

REPRESENTATIVE JAMES made a motion to adopt an amendment to Amendment 1 and strike "and economic development" but maintain the technical change of "healthy" to "health."

REPRESENTATIVE HAYES objected.

Number 0380

A roll call vote was taken. Representatives Fate, James, Stevens, and Coghill voted for the amendment to Amendment 1. Representatives Crawford, Hayes, and Wilson voted against it. Therefore, the amendment to Amendment 1 was adopted by a vote of 4-3.

CHAIR COGHILL asked if there was objection to Amendment 1. There being no further objection, Amendment 1 was adopted.

Number 0305

REPRESENTATIVE HAYES explained that he doesn't necessarily have a problem with SCR 29. The five-year plan was introduced to reduce government, but it did not address the revenue side of things. The main issue he has with the resolution is that it is a simple solution to a complex problem, he commented. Last week some bill was passed out of committee to encourage folks to work for the state, but now the message is that no one is going to be hired anyway.

REPRESENTATIVE FATE noted that the five-year plan reduced spending by cutting the budget.

TAPE 02-38, SIDE A  
Number 0233

REPRESENTATIVE STEVENS asked Ms. Hall for clarification on the temporary positions referred to on page 2, line 2, of SCR 29.

Number 0280

MS. HALL answered that those temporary positions would be paramedics and/or firefighters needed during the fire season in the summer and those needed for health and safety reasons. It doesn't necessarily mean the positions would be temporary; they would be full-time.

Number 0326

REPRESENTATIVE CRAWFORD said he is opposed to any statement that says, "We're afraid to grow our state's economy." He added, "I believe ... this doesn't set our priorities, and it says we're closed for business."

Number 0365

REPRESENTATIVE FATE moved to report SCR 29, as amended, out of committee with individual recommendations.

REPRESENTATIVE CRAWFORD objected.

A roll call vote was taken. Representatives Fate, James, Stevens, Wilson, and Coghill voted in favor of moving the resolution. Representatives Crawford and Hayes voted against it. Therefore, HCS SCR 29(STA) was reported out of the House State Affairs Standing Committee by a vote of 5-2.

HB 380 - REIMBURSE CERTAIN RETIREE MEDICARE CHARGE

Number 0565

CHAIR COGHILL announced that the final order of business would be HOUSE BILL NO. 380, "An Act relating to reimbursement for certain Medicare premium charges for persons receiving benefits from the teachers' retirement system, the judicial retirement system, the elected public officers retirement system, and the public employees' retirement system."

Number 0625

CHAIR COGHILL indicated that the fiscal note on HB 380 is not coming out of general funds; it will come out of the PERS [Public Employees' Retirement System] and TRS [Teachers Retirement System] accounts.

REPRESENTATIVE JAMES moved to report HB 380 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 380 was reported out of the House State Affairs Standing Committee.

**ADJOURNMENT**

Number 0816

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at 9:50 a.m.