

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

February 28, 2006

8:05 a.m.

**MEMBERS PRESENT**

Representative Paul Seaton, Chair  
Representative Carl Gatto, Vice Chair  
Representative Bob Lynn  
Representative Jay Ramras  
Representative Berta Gardner

**MEMBERS ABSENT**

Representative Jim Elkins  
Representative Max Gruenberg

**OTHER LEGISLATORS PRESENT**

Representative John Coghill  
Senator Bettye Davis

**COMMITTEE CALENDAR**

CONFERENCE OF YOUNG ALASKANS PRESENTATION

- Heard

HOUSE BILL NO. 485

"An Act amending the State Personnel Act to place in the exempt service pharmacists and physicians employed in the Department of Health and Social Services or in the Department of Corrections and corporate income tax forensic auditors employed by the division of the Department of Revenue principally responsible for the collection and enforcement of state taxes who specialize in apportionment analysis and tax shelters of multistate corporate taxpayers; and providing for an effective date."

- HEARD AND HELD

HOUSE BILL NO. 475

"An Act describing contributions to the health reimbursement arrangement plan for certain teachers and public employees; clarifying eligibility for membership in that health reimbursement arrangement plan; relating to the 'administrator'

of the Public Employees' Retirement System of Alaska; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 485

SHORT TITLE: STATE PHARMACISTS/DOCTORS: EXEMPT SERVICE

SPONSOR(s): RULES BY REQUEST

02/15/06	(H)	READ THE FIRST TIME - REFERRALS
02/15/06	(H)	STA, FIN
02/23/06	(H)	STA AT 8:00 AM CAPITOL 106
02/23/06	(H)	Scheduled But Not Heard
02/28/06	(H)	STA AT 8:00 AM CAPITOL 106

**WITNESS REGISTER**

IAN-MICHAEL HEBERT, Chair  
Steering Committee  
Conference of Young Alaskans  
Fairbanks, Alaska

POSITION STATEMENT: Presented speakers and answered questions during the Conference of Young Alaskans presentation.

LIEUTENANT GOVERNOR LOREN LEMAN  
Juneau, Alaska

POSITION STATEMENT: Offered opening remarks for the Conference of Young Alaskans presentation.

JOSEPH HARDENBROOK, Coordinator  
Creating Alaska Project  
Fairbanks, Alaska

POSITION STATEMENT: Offered a brief history of the Creating Alaska Project during the Conference of Young Alaskans presentation.

PAT RACE, Member  
Steering Committee  
Juneau, Alaska

POSITION STATEMENT: Read a resolution passed by the members of the Alaska Constitutional Convention.

ANDY MODEROW, Delegate  
Conference of Young Alaskans  
Anchorage, Alaska

POSITION STATEMENT: Spoke about speakers Vic Fischer and Katy Hurley - both delegates to the original Alaska Constitutional Convention - during the Conference of Young Alaskans presentation.

TIFFANY ZULKOSKY, Delegate  
Conference for Young Alaskans  
Bethel, Alaska

POSITION STATEMENT: Highlighted a portion of a PowerPoint presentation related to leadership, during the Conference of Young Alaskans presentation.

RICK WYSOCKI, Delegate  
Conference of Young Alaskans  
Koliganek, Alaska

POSITION STATEMENT: Read the vision statement regarding education, during the Conference of Young Alaskans presentation.

CHRISTY BERGMAN, Delegate  
Conference of Young Alaskans  
Juneau, Alaska

POSITION STATEMENT: Cited some of the education goals set by the delegates of the Conference of Young Alaskans.

HELENA HOFFMAN, Delegate  
Conference of Young Alaskans  
Fairbanks, Alaska

POSITION STATEMENT: Read the actions taken in regard to education, during the Conference of Young Alaskans presentation.

COURTENAY PIERCE, Delegate  
Conference of Young Alaskans  
Koliganek, Alaska

POSITION STATEMENT: Was co-presenter of issues related to natural resources during the Conference of Young Alaskans presentation.

GALEN POSPISIL, Delegate  
Conference of Young Alaskans  
Anchorage, Alaska

POSITION STATEMENT: Was co-presenter of issues related to natural resources during the Conference of Young Alaskans presentation.

MARA EARLY, Delegate  
Conference of Young Alaskans  
Juneau, Alaska

POSITION STATEMENT: Cited the vision statement for the healthy communities and families focus, during the Conference of Young Alaskans presentation.

JENNA GRUENSTEIN, Delegate  
Conference of Young Alaskans  
Anchorage, Alaska

POSITION STATEMENT: Addressed the delegates' conference topic of Alaska spirit, during the Conference of Young Alaskans presentation.

MICHAEL CIPRIANO, Delegate  
Conference of Young Alaskans  
Juneau, Alaska

POSITION STATEMENT: Cited selected actions related to the Alaska spirit issue, during the Conference of Young Alaskans presentation.

ALEX NELSON, Delegate  
Conference of Young Alaskans  
Juneau, Alaska

POSITION STATEMENT: Related his experience at the Conference of Young Alaskans.

JANET SEITZ, Staff  
to Representative Norm Rokeberg  
Alaska State Legislature  
Juneau, Alaska

POSITION STATEMENT: Presented HB 485 on behalf of the House Rules Standing Committee, sponsor by request, which is chaired by Representative Rokeberg.

VIRGINIA SMILEY, Director  
Division of Alaska Pioneer Homes  
Department of Health and Social Services (DHSS)  
Juneau, Alaska

POSITION STATEMENT: Put the issue of the pharmacists' salaries in context, by giving the committee an overview of the pharmacy in the Alaska Pioneer Homes and the pharmacists' duties, during the hearing on HB 485.

JANET CLARKE, Assistant Commissioner  
Central Office  
Finance and Management Services  
Department of Health and Social Services (DHSS)  
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 485.

MILA COSGROVE, Director  
Division of Personnel  
Department of Administration  
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 485.

JERRY BURNETT, Director  
Administrative Services  
Department of Revenue  
Juneau, Alaska

POSITION STATEMENT: Offered clarity during the hearing on HB 485.

ROBYNN WILSON, Director  
Anchorage Office  
Tax Division  
Department of Revenue  
Anchorage, Alaska

POSITION STATEMENT: Testified during the hearing on HB 485.

#### **ACTION NARRATIVE**

**CHAIR PAUL SEATON** called the House State Affairs Standing Committee meeting to order at [8:05:09 AM](#). Representatives Gatto, Lynn, Gardner, and Seaton were present at the call to order. Representative Ramras arrived as the meeting was in progress.

#### Conference of Young Alaskans Presentation

[8:06:59 AM](#)

CHAIR SEATON announced that the first order of business was the Conference of Young Alaskans Presentation.

[8:07:05 AM](#)

IAN-MICHAEL HEBERT, Chair, Steering Committee, Conference of Young Alaskans, expressed his appreciation for the warm reception received in Juneau. He explained that the purpose of the presentation is to share what took place during the Conference of Young Alaskans in January 2006, and how that event reflects on "the historic gathering 50 years ago."

[8:07:49 AM](#)

LIEUTENANT GOVERNOR LOREN LEMAN relayed that he was the opening speaker for the conference. He opined that a remarkable group of young people gathered for that conference, and he said he fully expects many of them to be involved with government in various positions of leadership in the future.

[8:09:10 AM](#)

LIEUTENANT GOVERNOR LEMAN indicated that the purpose of the conference was to allow youths to emulate an experience similar to that shared by the participants of the original constitutional convention held 50 years ago." The result of the original convention was the Constitution of the State of Alaska. Lieutenant Governor Leman said he recommended to the youth the importance of doing the following: getting started, building teamwork, and standing strong. He said he saw those recommendations acted on at the conference. He stated that even though he supported the process the youth went through, he did not agree with all their ideas.

[8:12:27 AM](#)

LIEUTENANT GOVERNOR LEMAN emphasized the importance of outreach to youth, and he cited the recent conference as "an example of what we ought to be doing." He told the committee to anticipate a high level of intelligence from the ensuing speakers, and he stated his belief that "our best 50 years are ahead of us."

[8:14:20 AM](#)

MR. HEBERT related the efforts involved in putting together the conference, citing Joseph Hardenbrook as instrumental in those efforts.

[8:15:17 AM](#)

JOSEPH HARDENBROOK, Coordinator, Creating Alaska Project, explained that the project was designed by the University of Alaska to commemorate the Fiftieth anniversary of the Alaska Constitutional Convention. He offered a brief history of the project, noting that the commemoration period began in November 2005, and will run through April 2006. He related that one of the main projects worked on was a documentary entitled, "The Forty-Ninth Star; Creating Alaska," which was produced by Alaska One Television and debuted February 6, 2006.

MR. HARDENBROOK said the Creating Alaska Project embraced the Conference of Young Alaskans. The conference was designed to spread awareness among the youth of Alaska about the 55 Alaskans who gathered together in Fairbanks in the winter of 1955-56 to craft Alaska's constitution. He relayed that UAF President Hamilton assembled a steering committee consisting of: four university students, a high school student, and four young business leaders. The steering committee put together the conference, selecting the delegates and setting the agenda. He announced that three of the steering committee members were present to testify: Patrick Race, Megan Gleason, and Ian Hebert. Mr. Hardenbrook said the spirit of the original drafters of the constitution was the inspiration for the conference, but it was modeled on the Conference of Alaskans hosted by Governor Frank Murkowski in 2002. He listed the contributors to the conference, noting that many of them approached the steering committee to offer their support, free of any agenda.

[8:18:15 AM](#)

MR. HARDENBROOK listed the delegates heard at the conference: Victor Fisher - delegate to the original Constitutional Convention; Katy Hurly - chief clerk for the convention; Lieutenant Governor Loren Leman; former Governor Walter Hickel; and Fairbanks North Star Borough Mayor Jim Whitaker. He emphasized that "this hearing today" was organized by the delegates, with assistance from the Juneau Economic Development Council, and he extended thanks to the council on behalf of the university. He stated that the university has not taken a position on the findings of the conference; the conference was entirely driven by the delegates, with the agenda and focus areas set by the steering committee. Notwithstanding that, he reported that the university was enthusiastic about the conduct and findings of the delegates and the "remarkable diligence that they brought to the table as they espoused their views on some of the challenges facing our state."

MR. HARDENBROOK announced that a short video would be played to illustrate what happened at the Conference of Young Alaskans.

[8:20:41 AM](#)

[The video was played at this time.]

[8:26:30 AM](#)

MR. HEBERT noted that the short video presentation shown, as well as a full-length video, will be available mid-March. The videos were made by a group of six high schools students in Anchorage, as part of the Media Education and Development Institute of Alaska (MEDIAM).

MR. HEBERT said the steering committee was charged with choosing 55 young Alaskans from a pool of approximately 400 applicants and creating the format for the conference. The applicants each wrote an essay describing their dream for Alaska and how that dream fits into the following topic areas: education, natural resources, Alaskan spirit, leadership development, and healthy communities and families. He said the political preference of each applicant was not important; the decision was based upon how cogent and coherent the argument was in each essay. He said the makeup of the conference was different than the original convention, being comprised of: 24 communities, 13 ethnicities, 24 men, and 30 women.

MR. HEBERT related that the conference was facilitated by Brian Rogers of Information Insights. He offered an overview of what happened in the four days of the conference, [referring to a PowerPoint presentation not included in the committee packet]. The focus of the conference, he explained, was to "go through ... a procedure of visions, goals, and action items," and determine how they all relate to each other. He noted that over 20 percent of the delegates were present to testify. He said groups of 11 worked on action items that could be included in the final report. Some of the items were challenged through debate.

MR. HEBERT emphasized the civility and quality of the arguments that were heard, stating that many people's ideas and perspectives were changed. He mentioned "the urban/rural split" on some issues, and the fact that after hearing one side of the story, those on the other side were affected. He said the reason that the young participants' statements were so powerful is because they were speaking from their own life experiences.

MR. HEBERT said possibly the most valuable part of the whole conference was when each delegate was given the opportunity to reflect on the four days and say what he/she thought was positive and what could have been done differently.

[8:34:49 AM](#)

PAT RACE, Member, Steering Committee, read a resolution passed by the members of the Alaska Constitutional Convention [at the University of Alaska, February 5, 1956], which read as follows:

You are Alaska's Children. We bequeath to you a state that will be glorious in her achievements, a homeland filled with opportunities for living, a land where you can worship and pray, a country where ambitions will be bright and real, an Alaska that will grow with you as you grow. We trust you; you are our future. We ask you to take tomorrow and dream; we know that you will see visions we do not see. We are certain that in capturing today for you, you can plan and build. Take our constitution and study it, work with it in your classrooms, understand its meaning and the facts within it. Help others to love and appreciate it. You are Alaska's children...

[8:36:04 AM](#)

ANDY MODEROW, Delegate, Conference of Young Alaskans, said a source of inspiration at the conference was the presence of speakers Vic Fischer and Katy Hurley - both delegates to the original Alaska Constitutional Convention. He said Ms. Hurley related that those at the 1955 convention were careful "not to legislate within the constitution." Mr. Moderow indicated that Mr. Fischer was the youngest at that convention, but his eloquence helped him to be taken seriously. He stated, "We know we have big shoes to fill, following in the footsteps of people like Vic Fischer and Katy Hurley, and for many of us, this was our first step in following that."

[8:38:37 AM](#)

REPRESENTATIVE RAMRAS revealed that his business hosted the young delegates in Fairbanks. He expressed dismay over learning that the recent conference cost \$130,000, because he said he hoped it could be replicated with some regularity. He asked Mr. Hebert for his thoughts regarding the ability to produce the event in the future at a lower cost.

[8:40:15 AM](#)

MR. HEBERT responded that it is the intent of the university to continue the creation of the Alaska Project. Furthermore, it is the intent of the delegates in the steering committee to build a partnership with the university "and with other entities" to

"continue this movement." He offered his belief that the end dollar amount for the recent conference was approximately \$100,000. He related that the plan is to hold another historic gathering in 2009 to celebrate statehood. He stated his hope is that the university will champion that "movement" with the support of the steering committee, the delegates, and other young Alaskans. Mr. Hebert also revealed that one of the resolutions made in January was to hold a Conference of Young Alaskans every five years, following the fiftieth anniversary of statehood. He said that interval would not only be less of a financial burden, but also would allow "a new pool of applicants to be presented." He said there was overwhelming support from both the public and private sector, from which he concluded that [getting support in the future] would not be a challenge.

[8:41:58 AM](#)

MR. HEBERT, in response to a question from Representative Ramras regarding the university's involvement with the expenses, said he would research the matter.

[8:42:57 AM](#)

MR. HEBERT imparted the mission statement of the Conference of Young Alaskans as follows:

We the delegates of the Conference of Young Alaskans will inherit the responsibility for caring for our great land. We are thankful to the men and women who have come before us. We understand that as Alaska's next generation, it's our task to begin shouldering the responsibility of making this state a better place for its entire people. With this in mind, it's the vision of this conference and its delegates to build upon current progress, as well as to find creative new solutions in the following ... five focus areas: leadership, education, natural resources, healthy communities and families, and reviving the Alaska spirit.

MR. HEBERT stated that the focus of the Conference of Young Alaskans was creating one vision, five goals, and ten action items.

[8:43:51 AM](#)

TIFFANY ZULKOSKY, Delegate, Conference for Young Alaskans, highlighted a portion of a PowerPoint presentation related to leadership. She said some of the goals for leadership included: providing mentorship, taking ownership of the state's wellbeing, developing leadership in rural and minority groups, and strengthening communication and interaction between urban and rural communities.

MS. ZULKOSKY said the delegates would like to see the legislature and the Alaska Commission on Post-Secondary Education initiate debt forgiveness, lower loan interest rates, and reduced monthly payments of loans as an incentive to students to pursue a post-secondary education. The delegates would also like to see the university system provide a larger variety of educational opportunities, by creating more law programs, as well as additional degree programs.

[8:47:07 AM](#)

MS. ZULKOSKY, in response to a question from Chair Seaton, confirmed that the loan program would serve as an incentive for those students given a loan to attend out-of-state universities to return to work in Alaska. Regarding the action that would be taken to implement the aforementioned goal of strengthening interaction between urban and rural communities, Ms. Zulkosky said the delegates support an urban and rural exchange, which would create a better understanding of "both sides." She offered further details.

MS. ZULKOSKY stated, "As you can see, this entire package was adopted by overwhelming support; 98 percent of the delegates felt that all of these were very important issues."

[8:48:24 AM](#)

RICK WYSOCKI, Delegate, Conference of Young Alaskans, addressed the next of five topics covered at the conference: education. He directed attention to the vision statement regarding education [shown on page 5 of the report], which read as follows [original punctuation provided]:

Alaska will continue supporting and developing higher quality educational opportunities that are relevant in urban and rural Alaska in order to secure and sustain our future, and the futures of our children. We will attract, retain, and strengthen educators and students

who are proactive and innovative in their teaching and learning while being engaged with their communities.

8:49:10 AM

CHRISTY BERGMAN, Delegate, Conference of Young Alaskans, cited some of the education goals set by the delegates, which read as follows [original punctuation provided]:

1. Alaska will create, recruit, and retain quality educators invested in Alaska's future.
2. Alaska will recognize individual needs and provide support for Alaskan students in their diverse ways of learning.
3. Alaska will strive to understand and close the achievement gap between demographics and increase graduation rates in Alaskan schools.
4. Alaska will provide incentives and opportunities to attract and retain educated Alaskans.
5. Alaska will develop and implement interactive, culturally relevant and appreciative curricula for all age groups.

8:50:16 AM

HELENA HOFFMAN, Delegate, Conference of Young Alaskans, read [items 6-10 on page 9 of the report], which related to actions taken toward the delegates' vision for education. They read [original punctuation provided]:

6. The state will provide regional counselors that promote post secondary education and job training.
7. All school boards will have student representation by the 2006-07 school year.
8. The university will adopt and promote PITAS (Preparing Indigenous Teachers for Alaska Schools) as a degree program at all campuses.
9. The state will fully fund early childhood development programs by 2007.

10. The state will require an Alaska history class, and in other curriculum, include an Alaska Native studies unit and a locally developed unit focusing on the history, culture and government of the local community and involve elders and knowledge bearers as essential educational resources to be developed by 2009.

8:52:04 AM

MS. HOFFMAN, in response to a question from Representative Gardner, explained that PITAS is currently a program at the University of Alaska Southeast, but has not yet been adopted by the University of Alaska Anchorage or the University of Alaska Fairbanks.

8:52:13 AM

COURTENAY PIERCE, Delegate, Conference of Young Alaskans, together with Galen Pospisil, addressed the issue of Natural Resources. Ms. Pierce cited the delegates' vision toward natural resources [shown on page 6 of the report], which read as follows [original punctuation provided]:

Alaskans will responsibly manage, develop and conserve our land and natural resources while protecting the long-term benefit for all.

8:52:58 AM

GALEN POSPISIL, Delegate, Conference of Young Alaskans, noted two of the natural resource goals [listed on page 6 of the report], which read as follows [original punctuation provided]:

3. Alaska will promote responsible resource use now and in the future to provide for all generations.

4. Alaska will empower its people in the decision making process regarding the use and development of its natural resources.

5. Alaska will protect subsistence and personal use of natural resources.

MR. POSPISIL and MS. PIERCE directed attention to the delegates' proposed actions related to the natural resource goals [shown on page 10 of the report], from which they alternately cited the

following [original punctuation provided, with some formatting changed]:

1. By 2009, Alaska will create an alternative/renewable energy research institute by soliciting funds from the Department of Energy and private industry, which will appropriate funds and collaborate with communities, boroughs, and the federal government to achieve 20% renewable energy production by 2020.

3. Alaska shall consider primary ownership and shall have preferential access to the proposed Alaska gas [pipeline].

5. The state will direct a Permanent Fund Dividend-level percentage of natural gas pipeline proceeds to an endowment, with the interest from that endowment going to the general fund.

11. The state will partner with Alaska Natives by forming a permanent advisory committee by 2008, which will be composed of social scientists and Native leaders, elders, and youth to ensure the protection of subsistence lifestyles for future generations.

[8:54:19 AM](#)

MS. PIERCE noted that three ideas were challenged, including a proposed - and subsequently adopted - action [from the aforementioned page 10], which read as follows:

Alaska will work with the federal government to develop the Arctic National Wildlife Refuge and a natural gas pipeline by 2011, which will cut energy costs, and reduce dependence and related risks on importing foreign oil.

MS. PIERCE said the second idea was related to aerial wolf hunting, while the third idea, was a proposal that the state immediately regain control over University of Alaska endowment lands, and she said neither of those ideas passed.

[8:54:54 AM](#)

REPRESENTATIVE GARDNER observed that most of the issues approved by the delegates passed by a wide margin; however, the issues

that were challenged appear to have a close margin. She requested that a delegate come before the committee to discuss "the issues that were disagreement points on the [Arctic National Wildlife Refuge (ANWR)] ... portion."

[8:56:02 AM](#)

MR. MODEROW suggested that some of the delegates may have been concerned about connecting ANWR to the national gas pipeline. He indicated that other factors that may have swayed the delegates' stance one direction or the other were related to protecting the coastal plain and the need for further economic development of the state's resources.

[8:57:12 AM](#)

MR. MODEROW, in response to follow-up questions from Representative Gardner, said the urban/rural divide among delegates was more evident in the matter of the wolf-hunting proposal than regarding the issue of ANWR. Regarding the latter, he stated, "I think the deadline didn't have as much to do with it; it was more the connecting of the two issues."

[8:57:47 AM](#)

MS. PIERCE, in response to a question from Chair Seaton, said the challenged natural resource topics show on pages 11-12 in the report.

[8:58:07 AM](#)

MR. MODEROW, in response to Chair Seaton, explained that the delegates chose which topics to highlight for the committee.

[8:58:20 AM](#)

REPRESENTATIVE GATTO said he heard someone mention that the idea of the conference was to come up with some broad goals, but he said he sees a lot of specific goals in the report. He asked if the delegates spent as much time contacting people [outside the conference] to find out why they opposed certain issues as they did listening to those in support of them.

[8:59:31 AM](#)

MR. MODEROW explained that the conference focused on the interactions of the 54 delegates who were a part of it [rather than gathering opinions from others].

9:00:40 AM

MARA EARLY, Delegate, Conference of Young Alaskans, cited the vision statement for the healthy communities and families focus [shown on page 13 of the report], which read as follows [original punctuation provided]:

Alaska's families and communities will be healthy and safe, and will enjoy a high quality of life, civic participation, education, culture, and community connectedness and collaboration.

MS. EARLY said the group involved with the issue of healthy communities and families emphasized a holistic approach to its goals. She highlighted three of the five goals [shown on page 6 of the report], which read as follows [original punctuation provided]:

1. All Alaskans will have essential community and civil services.
2. All Alaskans will have quality health care that is accessible and affordable.
3. All Alaskans will be civically informed and engaged to better our families, our communities, our government, and ourselves.

MS. EARLY said she chose to work on the issue of healthy communities and families, but had not realized just how broad the spectrum of discussion would be pertaining to the issue. She highlighted 3 of the 10 action items, which read as follows [original punctuation provided]:

3. Alaskans will enhance mental health services by: a) building, staffing and maintaining affordable mental health clinics, b) US will provide financial aid incentives for students who work in mental health in Alaska, and c) Alaska schools will provide mental health screenings and prevention programs in all schools.

7. Alaska will stop importation of illegal drugs and alcohol to dry villages that leads to sexual,

physical, emotional abuse and suicide by providing additional airport and boat security.

9. School districts will introduce service learning and civic engagement (in age-appropriate curricula) in K-12.

The state will require all communities receiving local government funding to develop a ten year economic stimulus and stability plan (including concrete action items.) Plans will be updated every two years.

[9:04:06 AM](#)

JENNA GRUENSTEIN, Delegate, Conference of Young Alaskans, addressed the delegates' conference topic of Alaska spirit, and she cited the vision [shown on page 6 of the report], which read as follows [original punctuation provided]:

We will endeavor to build a sustainable and vibrant Alaska, united by our commitment to the Alaska Spirit, which celebrates not only the unique history of our state, but the rich heritage stemming from the diverse culture that each person brings to the Last Frontier.

MS. GRUENSTEIN said the group of delegates, of which she was a part, argued the issues long and hard to determine exactly what it means to be an Alaskan, the result of which she said comes as close as possible without actually hitting the mark. She said the five goals that the Alaska spirit team formulated were meant to be broad and encompass anything that could be addressed. Conversely, the action items were made to be specific and address specific issues.

MS. GRUENSTEIN directed attention to some of the goals for Alaska spirit [shown on page 6 of the report], which read as follows [original punctuation provided]:

1. Alaskans will know about Alaska.
2. Alaskans will be engaged in government.
3. Alaskans will celebrate our diversity and frontier spirit as a means to unify the state.

[9:06:50 AM](#)

MICHAEL CIPRIANO, Delegate, Conference of Young Alaskans, cited selected actions related to the Alaska spirit issue [shown on

page 14 of the report], which read as follows [original punctuation provided]:

2. Election day in Alaska will be a state holiday.

4. Because it directly inhibits the rights of individuals, the Alaska Legislature shall repeal the 25th Amendment to the Alaska Constitution defining marriage.

10. We support the required Alaska history class and proposed curriculum. Those developing this curriculum should include a locally developed section focusing on the history, culture and government of the local community using factual accounts from primary sources.

MR. CIPRIANO said there was a lot of debate over the issue of repealing the Twenty-Fifth Amendment.

[9:08:15 AM](#)

CHAIR SEATON remarked that the challenged items of discussion that the delegates addressed are relevant to the discussions currently taking place in the Alaska State Legislature.

[9:08:18 AM](#)

REPRESENTATIVE GARDNER pointed out that some of the ideas put forth by the delegates are wonderful, but "the delegates had the opportunity to create ... a dream and a vision without regard to the cost ...."

[9:09:04 AM](#)

MR. HEBERT said he thinks the delegates kept that in mind, particularly in regard to ANWR, the natural gas pipeline, and resource development. Some action items, he said, were regarded as investments. He stated, "Some of the things in education, some of the recommendations on what we do with loan programs, those are considered by many, I believe, to be investments and things that wind up driving Alaska to be a strong state in the future."

REPRESENTATIVE GARDNER said, "I'd agree with that."

[9:09:46 AM](#)

REPRESENTATIVE LYNN offered his understanding, based upon the presentation, that the delegates garnered information on any particular subject by talking amongst themselves, rather than going to outside sources. He indicated that he would like to know if that is the way things worked during the original constitutional convention.

[9:10:17 AM](#)

MR. HEBERT responded that those involved with the original convention got a lot of input from outside sources. He said the youth delegates also heard from representatives who spoke to the five aforementioned issues.

REPRESENTATIVE LYNN expressed the importance of getting outside information.

[9:11:30 AM](#)

CHAIR SEATON stated that he thinks the delegates did a marvelous job in four days and produced an impressive report that will be viewed by many legislators.

[9:12:08 AM](#)

MR. HEBERT said the comments of the committee will be taken in to consideration when planning the next Conference of Young Alaskans for 2009.

[9:12:55 AM](#)

MR. HEBERT, in response to a previously asked question from Representative Ramras regarding the future of the conference, outlined some steps being taken by the university, as well as other ideas. He said an idea has hatched among the delegates and steering committee members to create a Society of Young Alaskans.

[9:14:10 AM](#)

REPRESENTATIVE GATTO said he would like the delegates to develop a fiscal plan for the state, take a look at the existing budget and identify "the fat" in it, and consider how they would treat all their ideas under three different scenarios with varying oil prices.

MR. HEBERT indicated that that challenge from Representative Gatto could be addressed by the upcoming Society of Young Alaskans.

[9:15:17 AM](#)

CHAIR SEATON asked the delegates to autograph copies of the reports for the committee and for Representative Foster.

MR. HEBERT said some of the delegates would like to offer final statements.

[9:16:12 AM](#)

MS. GRUENSTEIN said she walked away from the conference impressed with the knowledge that the delegates brought to the table.

[9:17:32 AM](#)

MS. ZULKOSKY related that what she took away from the experience is knowing she has the opportunity to be involved in Alaska politics. She stated, "Leaders that go before us know that they're going to have to build up leaders to come after them."

[9:18:42 AM](#)

ALEX NELSON, Delegate, Conference of Young Alaskans, stated that he was part of the Alaska Dream Group. He said he is a high school student who started out skeptical about how the group would progress. He said, "We ended up at the end of the conference being one of the most functional groups." He expressed appreciation at being able to take part in the conference and to the committee for hearing the presentation.

[9:19:58 AM](#)

MS. EARLY related that although many of the issues discussed at the conference were controversial, none of the discussion was derisive. She said the delegates were united in their desire to discover what would be best for Alaska, and she encouraged those in the legislature to focus on being united, as well.

CHAIR SEATON thanked the delegates for their presentation.

[9:22:21 AM](#)

REPRESENTATIVE LYNN encouraged the delegates to contact their representatives. He stated, "The better the communication, the better the representation."

HB 485-STATE PHARMACISTS/DOCTORS/AUDITOR EXEMPT

9:23:27 AM

CHAIR SEATON announced the last order of business was HOUSE BILL NO. 485, "An Act amending the State Personnel Act to place in the exempt service pharmacists and physicians employed in the Department of Health and Social Services or in the Department of Corrections and corporate income tax forensic auditors employed by the division of the Department of Revenue principally responsible for the collection and enforcement of state taxes who specialize in apportionment analysis and tax shelters of multistate corporate taxpayers; and providing for an effective date."

The committee took an at-ease from 9:23:44 AM to 9:27:05 AM.

9:27:18 AM

JANET SEITZ, Staff to Representative Norm Rokeberg, Alaska State Legislature, presented HB 485 on behalf of the House Rules Standing Committee, sponsor by request, which is chaired by Representative Rokeberg. She said the House Rules Standing Committee introduced the bill at the request of the Departments of Health & Social Services and Revenue. The bill proposes to move two job [categories] from their current position to exempt status. Those two categories are: pharmacists and corporate income tax forensic auditors. She noted that the committee packet includes the sponsor's statement, which describes some of the recruitment and retention problems that the departments are experiencing with those two job categories and an explanation of why it would relieve those problems if the jobs were made exempt. She noted that the representatives of the departments were present to answer technical questions, and she urged the committee to support the bill.

9:28:47 AM

CHAIR SEATON, in regard to moving forensic auditors to an exempt category, said he believes one of the people working in that position is currently representing the unions on the Alaska Retirement Management (ARM) Board. He asked if changing that

job category to exempt status would prevent that person from being able to serve on the board.

MS. SEITZ said she doesn't have the answer at hand, but will find out.

9:29:15 AM

VIRGINIA SMILEY, Director, Division of Alaska Pioneer Homes, Department of Health and Social Services (DHSS), put the issue of the pharmacists' salaries in context, by giving the committee an overview of the pharmacy in the Alaska Pioneer Homes and the pharmacists' duties. She said the six homes are located in Ketchikan, Sitka, Juneau, Anchorage, Palmer, and Fairbanks, and they all rely on receiving the medications for their residents from the division's central pharmacy located in the Anchorage Pioneer Home. As mandated by state and federal law, the pharmacy must be under the oversight of a licensed pharmacist. She said the division does use School of Pharmacy interns and pharmacy assistants; however, three pharmacists are necessary to supervise staff, determine appropriateness and dosage of each medication, and - for the specialized geriatric population - track and respond to the possibility of drug interactions. She stated that the pharmacists perform highly specialized consultant duties by spending much of their time giving consult to physicians, family, and staff.

MS. SMILEY continued:

With the introduction of Medicare Part D, the Pioneer Home pharmacists have designed and are about to implement a resident chart assessment that requires a complete review of each resident's medication regimen every 30 days. Based on our current occupancy, that's going to be approximately 450 resident chart reviews a month. That's a substantial amount of work. In the quarter ending December 1, 2005, the pharmacy packaged and dispensed ... 353,821 individual doses of medications out of our pharmacy in Anchorage. Dispensing that volume of medications requires a full staff that are present and working.

MS. SMILEY stated that for almost a full year, the division has been losing its pharmacists to higher paying jobs and has not been able to attract new pharmacists to fill those vacancies. She said both the federal government and private sector pay

wages that are competitive with that of the division and offer "signing bonuses" and forgiveness of student loans. She continued:

For eight months of last year, we had a single pharmacist on our payroll. It was necessary for us to sign contracts with two temp agencies, and we were able to fill many but not all of the vacant shifts. We paid the contract agencies \$70/hour for their pharmacists. At this critical point, we finally placed the pharmacists' PCN [position control number] into a temporary higher paying category in order to recruit and hire more competitively; however, the Division of Personnel told us that we would have to seek a permanent solution for this issue, and that's why we're here today.

The problem is that under the present wage scale for pharmacist positions in the state system, we're not competitive with other employers - either the federal government or the private sector. We're asking to have pharmacists moved into the exempt service with other professional classifications, as it will provide the needed flexibility to be competitive in our current market place.

[9:33:28 AM](#)

JANET CLARKE, Assistant Commissioner, Central Office, Finance and Management Services, Department of Health and Social Services (DHSS), said she thinks Ms. Smiley's testimony highlights the personal difficulties that have been experienced with "some of our most vulnerable populations" in dealing with this issue. She urged the committee's strong support of HB 485. She stated that DHSS has eight pharmacist positions: three of the positions are in the Division of Pioneer Homes, two are in the Alaska Psychiatric Institute [within the Division of Behavioral Health], and one is in [the Epidemiology Section within the Division of Public Health]. She stated that while there are not many positions, each is critical in the state services being performed. For example, she said, they are either providing direct dispensing services to clients who are in great need of that expertise, or they are providing highly specialized consulting services that would be cost prohibitive to obtain through a contracting service. She indicated that another problem with contracting services is in regard to issues of employee/employer relationships and guidance.

MS. CLARKE warned that the risks are great to the state if the core group of expert pharmacists cannot be maintained. She said, "I'm not sure what we would do if we did not have the required pharmacy support for our vulnerable pioneers; it's just critical in this day and age related to their own medical needs." Therefore, she said, it is necessary to be able to compete in the market place for these critical positions. Ms. Clarke said under the current classified salary, the department can pay \$32/hour, whereas contracted pharmacists are paid double that amount. She concluded:

It's clear to us that these highly professional, licensed pharmacists no longer really fit in the classified service. Physicians [and] psychiatrists are exempt, as you know, in the statute, and ... this group of ... workers clearly more readily meets that test of being these kind of specialized medical professionals that we need to have in the exempt service."

[9:37:38 AM](#)

REPRESENTATIVE GATTO mentioned other occupations that are in short supply in the state. He questioned what is going on that Alaska is experiencing so many shortages across the board.

[9:38:04 AM](#)

MS. CLARKE responded that she thinks that is a complex question and recommended that a representative of the Division of Personnel may be able to offer that division's view. Notwithstanding that, she proffered that in the '90s the state-negotiated salary increases were half of the Consumer Price Index (CPI), so state wages did not keep up at that point. In regard to pharmacists, she emphasized, the market is so far out of realm with what the state pays that she said she doesn't think there is any study or market-based pay system that could accommodate "what we're seeing with pharmacists." She mentioned national shortages and said, "There's a whole lot going on for these other job classes that you talked about." She offered further examples.

[9:39:44 AM](#)

REPRESENTATIVE GARDNER said there was a lot of testimony last year about people taking state jobs because of the benefit

package, even though salaries were not equivalent [to those in the private sector]. She said, "Now that the benefit package is no longer the strength that it used to be, salaries are maybe more important across the board." She suggested that it may be necessary to restructure the entire structure of state employment, rather than addressing individual job categories in a piecemeal fashion.

[9:41:02 AM](#)

MS. CLARKE deferred to Ms. Cosgrove.

[9:41:26 AM](#)

CHAIR SEATON mentioned a study and pay ranges between 22 and 27. He asked how much a range 27 is paid.

[9:41:55 AM](#)

MS. CLARKE said she doesn't know the exact amount; however, she said when the pharmacist classification study came out, the results were dismaying. She explained that when a classification study is done, there is no comparison to external market; only internal comparisons are made. She explained that means there was no comparison to what pharmacists were being paid in the private sector.

[9:43:11 AM](#)

CHAIR SEATON stated his understanding that both internal and external markets can be used in a study. He suggested there may be a difference in the interpretation of the regulations, and he called on Ms. Cosgrove to answer that question so that everyone would be on the same track.

[9:45:36 AM](#)

MILA COSGROVE, Director, Division of Personnel, Department of Administration, explained that the current State of Alaska classification plan is based on nine occupational families. She explained that in a telescoping level of duties there are groups, within which are families, and within which are series "and so on." She continued:

The state Personnel Act contemplates the concept of like pay for like work, which has for the past 15-20 years been interpreted to mean that job

classifications are aligned internally for salary purposes. In other words, when you do a classification study, you contemplate the eight classification factors - it's a whole job classification system based on a federal model. We look at [those] duties and we say, "Does this work equate to a range 14 or a range 16?" And we try to make sure that professional level positions and one job class family are compensated equitably as other professionals in other job class families. So, in other words, they're internally aligned; there's a sense that range 16 in the State of Alaska has a certain kind of responsibility and duty, and has a certain level of education and experience necessary to perform the duties of their jobs. And that's what's meant by the concept of internal alignment.

[9:47:36 AM](#)

MS. COSGROVE noted that those working at range 21-22 are high-level, professional, technical experts with "a fairly broad scope of responsibility and consequence of error." In response to a question from Chair Seaton, she said the division tries to weigh each job against a series of eight factors; it is an established methodology of position classification and a legitimate system in the broad scheme of things.

[9:49:31 AM](#)

CHAIR SEATON said, "The internal alignment is then only within state job classifications within the ... state-provided jobs."

[9:49:43 AM](#)

MS. COSGROVE answered that's correct.

[9:50:29 AM](#)

CHAIR SEATON offered his understanding that regulation allows both internal and comparative [studies].

[9:50:40 AM](#)

MS. COSGROVE responded that it is not regulation to which Chair Seaton is referring. She stated that the Division of Personnel has policies related to classification, and her description of how the division introduces market-based pay is a description of

how the division's operations have operated. When in doubt, she said, the division refers to the Personnel Act, which contemplates, under the merit system of personnel, the concept of like pay for like work. She offered her recollection that this is articulated in AS 39.25.150. She said there are issues regarding being competitive, especially in the higher levels of the state's professional ranks. She added, "It's a complicated scenario." She continued:

At this point, we have discussed with the Department of Law and our labor relations folks, and we are comfortable that we can begin to introduce more elements of market-based pay without violating the statute, or the classification plan, or the pay plan. And we're in the process of developing guidelines and analyzing data that will allow us to do that. And simply, what we're looking at is: when there's a demonstrated history of recruitment difficulty and our turnover rate exceeds our hire rate, and when we're looking outward at projections for increased demands in certain occupational fields, we will go out and do a market survey. And if the market survey indicates that we're not competitive, we will look at adjusting salary ranges one or two ranges, depending on what that market data looks like - so ... that's roughly 7.5-15 percent. And we're in the process of developing those guidelines, getting it approved by the Personnel Board, and we expect to be able to roll that out on July 1, absent any other unseen hurdles at this point. I don't anticipate that there will be any, but we still have some administrative hoops to jump ... through.

So, that will allow us, in a fair and equitable manner, and in an objective manner, to apply market pay data, but we still won't do it by individual job class. We want to be able to do it by job class family, because we still have to care for the other part of the personnel rules. In the Personnel Act they talk about internal alignment and a clear career progression. So, within a job class family, we need to make sure that things are still aligned. So, pharmacists don't sit alone in the world as a job class family; they're in with some other medical professionals, like occupational therapists, recreational therapists, et cetera. If we were to

raise pharmacists under this new scheme, all of those other job classes would go up as well.

9:53:29 AM

CHAIR SEATON asked if Ms. Cosgrove is saying that the only way to solve the problem with the pharmacists is to change to an exempt category and that the system of classification really doesn't function at this point in time to "get us to where we need to be ...."

9:53:48 AM

MS. COSGROVE replied that she reluctantly came to that conclusion. She stated that she is a big proponent of the system of employment. She said she thinks it's there for a reason and she doesn't think it's a "light action to remove people from the classified service." However, even if pharmacists are raised to the top of the pay scale, they still would not be "competitive." She offered her understanding that currently the Department of Health & Social Services is paying pharmacists the equivalent of a range 29 A, which she added, "Is just to get people in the door." She pointed out that that pay scale is not even contemplated on the General Government Unit (GGU) or Supervisory Unit (SU) pay scales; "that's pegged at the partially exempt pay scale." She said this is not dissimilar to what occurred with physicians and medical doctors, which are exempt. She said, "We can't pay them enough to be competitive. With some professions over time I think we may find that that's true." She mentioned the national crisis in the medical professions - the shortage of skilled workers and the increase in demand. She stated, "I very reluctantly agreed to the establishment of a ... temporary exempt position for the pharmacists, because the option was closing down the pharmacy, and that didn't seem like a viable option to us, and it certainly wasn't a viable option to the Department of Health & Social Services."

9:55:33 AM

MS. COSGROVE, in response to a question from Chair Seaton, said once something becomes exempt, she has no administrative authority over where the salary range gets set; that would be at the discretion of the Office of the Governor. However, she added that "for these types of positions" the Office of the Governor generally consults with the Division of Personnel to ask about its findings and for its recommendation.

[9:56:14 AM](#)

REPRESENTATIVE GARDNER queried, "You've talked about a national crisis, the medical professions, and the difficulty for pharmacists specifically. Does that apply also to the forensic auditors?"

[9:56:28 AM](#)

MS. COSGROVE replied, "There are other issues with the auditor positions. Obviously they're not medical professions. So, the answer to that would be no."

[9:57:08 AM](#)

REPRESENTATIVE GARDNER asked what other job categories the state is having trouble filling.

[9:57:24 AM](#)

MS. COSGROVE said her staff is doing a study; therefore, she cannot answer that question today with 100 percent accuracy. In general, however, she said the difficulty in recruiting is due to the lack of competitive wages for high-level positions, nurses, engineers, auditors, and possibly others.

[9:58:23 AM](#)

REPRESENTATIVE GARDNER said she would rather wait to address the issue until all the data is available.

[9:58:47 AM](#)

MS. COSGROVE said the study will be completed within the next 30-60 days. Although all the data is not available at present, she said there is salary data which shows that if [pharmacists] are brought "competitive to market" they will be "beyond the currently negotiated pay scale." She indicated that the ranges in which a pharmacist can fall are paid roughly between \$60,648-\$75,000. She indicated that a cross independent study done by Milliman, Inc. shows that "we're looking at a fairly conservative seventy-fifty percentile, which is a fairly conservative average wage of \$100,000 a year." She said, "That's a big difference; that's difficult for us to make up in our current salary schedule. And, to me, that's what pushes them over the threshold."

[10:00:21 AM](#)

REPRESENTATIVE GARDNER asked what the commonalities in job classes are.

[10:00:45 AM](#)

MS. COSGROVE listed the three basic types of employment in the executive branch: classified, partially exempt, and exempt. Those in classified service are fully subject to personnel rules, and the majority of them are covered by collective bargaining. She described three ways a person may be partially exempt: through statute through the authority vested in the legislature; because they are policy-level decision makers; or because of some odd recruitment threshold that would lead the personnel board to believe that filling those positions could only be done by direct appointment. Partially exempt employees are exempt from the portions of the personnel rules that are related to recruitment and hiring. If they are dismissed, they do not have a grievance "avenue" under the personnel rules. In response to a question from Chair Seaton, she said partially exempt employees are subject to the classification and pay plan articulated in AS 39.27. She noted that AS 39.25.110 is the statute related to exempt service. Legislative action is required in order to be in exempt service. She indicated that the jobs that are in exempt status are there because they can't be legitimately placed on the salary schedule. Medical professionals are one example of that, she said. She offered other examples. Exempt employees are, technically, "at will employees," and they are exempt from the personnel rules. From a human resource standpoint, she said, "you still need to have a reason to dismiss them from their employment; you can't just do that willy-nilly."

[10:05:11 AM](#)

JERRY BURNETT, Director, Administrative Services, Department of Revenue, regarding the previous question about service on the ARM Board, said Michael Williams was appointed by the governor from a list recommended by the bargaining unit representatives. He stated, "It does not require that he be a member of the union. It does not require that he be a member of the PERS or TRS systems. It only requires that he is recommended on that list." He indicated that the proposed legislation would have no effect on that.

10:06:29 AM

ROBYNN WILSON, Director, Anchorage Office, Tax Division, Department of Revenue, said prior to being appointed to her current position she was a private tax auditor, thus she brings the perspective of the auditors to the table. Ms. Wilson reviewed that corporate income tax auditors audit all corporations that do business in Alaska, with their main focus on those corporations that do business in multiple states. She added, "And these are groups of companies that have hundreds of subsidiaries." She said the job of the auditors is to figure out what will be taxed, what the pie is, and what Alaska's share of the pie is. She said there are two sets of rules: one that applies to the oil and gas taxpayers and one that applies to the other corporations. The oil companies' pie includes their worldwide income. Auditors look not only at the domestic income that may show up on a company's federal income tax return, but also at income earned in all other countries in which that company does business. She explained, "And so, it's a real challenge to ... quantify that income, especially the foreign income, because the domestic income, to an extent, is quantified by the Internal Revenue Service." She said auditors look at foreign books of record. Some corporate groups have "foreign parents." She offered further details of the auditors' considerations. Ms. Wilson explained that Alaska's share is determined, based on the level of activity a company conducts in Alaska versus everywhere else. Comparisons are made in the realm of: property, sales, extraction - in the case of oil and gas companies, and payroll - in the case of companies that are not oil and gas related. She offered an example of a property comparison. Ms. Wilson noted that an audit usually takes a year, between 600 and 1,000 audit hours.

10:10:50 AM

MS. WILSON said when she came on board with the state 10 or 11 years ago there were 10 income tax auditors. At that time, the market for the auditors was out of public accounting firms, as well as the federal government. Public accounting businesses were recruiting people out of college and working them "to death" - typically 70-80 hours a week, thus, working for the state had an appeal. Historically, the state used to pay better than the federal government, she said. Over the years, the number of [state] auditors has been reduced to two. One factor is that several auditors who were recruited 10-15 years ago have retired. Another factor is that the public accounting field has stopped working its new associates quite so hard. The public

accounting field has collapsed, meaning less firms from which the state can recruit. Ms. Wilson offered her recollection that there have been seven recruiting efforts made by the state for experienced auditors in the last ten years - the last successful recruitment occurring in 1998.

[10:13:38 AM](#)

MS. WILSON stated that "clearly auditors are not life and death," as pharmacists are. She added, "But we have, in the accounting profession, had our own set of forces that have brought this sort of to a head." She said she thinks everyone is familiar with the situation that occurred in 2001 regarding the Enron Corporation. Since that time, she said, "auditors and accountants have just been snatched up by companies." Simultaneously, public accounting firms have, in last five to seven years, made a lot of money selling tax shelters, which means less people for the state to recruit. She said audits are becoming increasingly complex. Tax shelters are extremely difficult to ferret out, are very time consuming, and "the people on the other side of the desk are becoming more and more sophisticated in responding to them." The bottom line is that the state has less recruits and more complex audits.

[10:16:47 AM](#)

MS. WILSON said the state has tried looking for less experienced auditors in hopes of training them. That effort has not been very successful. Currently, there are not enough experienced people to train in order to get the normal amount of audits done. She mentioned an internal study which addressed the Auditor III level [included in the committee packet]. She said she thinks all the auditors are underpaid and the pay issues are even worse at the higher levels. Ms. Wilson said the state is requesting three exempt positions. She stated her belief that all the auditors are underpaid. She said, "I fully support the administration's move to a market-based system." Moving the classified positions up a range or two will not solve the immediate problem and the situation is at a crisis point, she said.

[10:19:06 AM](#)

REPRESENTATIVE LYNN asked if a market-based study has been done as well.

[10:19:32 AM](#)

MS. WILSON said the study that was done by the economists was focused on auditors and "other similar accounting [positions]." There is a premium on auditors and a super premium on those with income tax backgrounds. She indicated that the study made comparisons with federal jobs and with other states' jobs "and to put those dollars on an Alaskan basis, taking into account cost of living."

[10:20:19 AM](#)

REPRESENTATIVE LYNN asked, "Can't you just move them up the pay scale without going to exempt?"

[10:20:39 AM](#)

MS. WILSON responded that the division supports the effort to move the auditors up the pay scale, but at this point the 10 or 15 percent increase that would result from moving up the pay scale one or two ranges will not fix the problem.

[10:21:35 AM](#)

CHAIR SEATON recalled a discussion a couple years ago regarding auditors and return on investments.

[10:22:07 AM](#)

MR. BURNETT responded as follows:

This past year ..., when we were doing the [fiscal year (FY) 06] budget for the Department of Revenue, there was an increment for \$1 million requested ... to increase our audit presence. There were seven positions that were authorized by the legislature, and we did get a \$750,000 increment in the budget.

The discussion at that time and the paper work was that for a million dollars invested in this ... we were absolutely certain that we would produce at least \$5 million in return on an annual basis, and I think the return possibly is higher than that. I think our tax division ... annual report does speak to audit effort and the effect of that. ... So, there's a significant return to audit work.

[10:23:04 AM](#)

MS. WILSON, in response to a question from Chair Seaton, confirmed that her previous notation that there are only two auditors left in the state system does mean that there are eight unfilled positions.

[10:23:17 AM](#)

CHAIR SEATON remarked, "It shows a significant problem with recruiting - that's for sure." He asked Ms. Cosgrove if the numbers are similar for auditors as compared with pharmacists - that they are "outside of the classification scale" that the state is able to provide in order to recruit personnel.

[10:23:48 AM](#)

MS. COSGROVE answered yes, based on a cursory review of the data gathered by the Department of Revenue and "our own initial forays into the market." She noted that she doesn't have an independent third-party source to verify that data.

[10:24:10 AM](#)

CHAIR SEATON asked Ms. Cosgrove if she also sees the necessity of having the aforementioned positions be made exempt.

[10:24:26 AM](#)

MS. COSGROVE said at the highest level, yes, which is the level being considered. She reported that the Department of Revenue has done some extremely aggressive recruiting maneuvers. The department has a 43 percent failure rate in its job postings. She concluded, "So, their business need is real and very pressing."

[10:24:58 AM](#)

CHAIR SEATON asked the committee members to present any questions they want any of the departments to address at the next hearing of the bill.

[10:25:20 AM](#)

REPRESENTATIVE GARDNER posited that the problem encompasses more than just the two job positions being discussed.

[10:25:52 AM](#)

MS. COSGROVE, in response to a request from Representative Gardner, said it is not possible to prepare even a preliminary report by the next hearing.

[10:26:14 AM](#)

REPRESENTATIVE GARDNER asked if it would be possible to find out how many jobs in the state departments are budgeted for, but not filled.

[10:26:34 AM](#)

MS. COSGROVE explained, "There are differences between budgeted vacancies and difficulties in recruitment." She revealed that she carries a vacancy factor in her own division of approximately 7.5-9 percent, in order to meet her budget. She explained, "I haven't tried to fill those positions, because I simply wouldn't be able to pay for them by the end of the year." She offered to provide Representative Gardner with a list showing a group of job classes for which administrative service directors said recruitment difficulties were impacting their program areas' abilities to deliver service and meet the missions of their agencies.

[10:27:20 AM](#)

REPRESENTATIVE GARDNER confirmed that she would like that list.

[HB 485 was heard and held.]

#### **ADJOURNMENT**

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at [10:27:48 AM](#).