

HOUSE FINANCE COMMITTEE
March 31, 2009
1:39 p.m.

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CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 1:39 p.m.

MEMBERS PRESENT

Representative Mike Hawker, Co-Chair
Representative Bill Stoltze, Co-Chair
Representative Bill Thomas Jr., Vice-Chair
Representative Allan Austerman
Representative Harry Crawford
Representative Anna Fairclough
Representative Les Gara
Representative Reggie Joule
Representative Mike Kelly
Representative Woodie Salmon

MEMBERS ABSENT

Representative Richard Foster

ALSO PRESENT

Representative Charisse Millett; Jeff Turner, Staff,
Representative Millet; Mchugh Pierre, Liaison, Department Of
Military And Veterans Affairs; Derek Miller, Staff,
Representative Kelly

PRESENT VIA TELECONFERENCE

Michelle Houlihan, CEO, American Red Cross Of Alaska; Diane Kiesel, Director, Division Of Personnel, Department Of Administration; Myron Dosch, Controller, University Of Alaska

SUMMARY

HB 77 "An Act allowing certain public employees to take leave without pay to volunteer with the American Red Cross in a disaster."

CSHB 77 (FIN) was REPORTED out of Committee with a "no recommendation" and with a previously published zero fiscal note: FN1 (ADM)

HB 184 "An Act relating to the debt authorization of the University of Alaska."

HB 184 was REPORTED out of Committee with a "no recommendation" and with a previously published zero fiscal note: FN1 (UA)

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#hb77

HOUSE BILL NO. 77

"An Act allowing certain public employees to take leave without pay to volunteer with the American Red Cross in a disaster."

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REPRESENTATIVE CHARISSE MILLETT presented an overview of HB 77. This bill allows Alaska to join forty seven other states to permit state employees to take unpaid leave for up to 15 regularly scheduled work days to serve as Red Cross volunteers in the event of a Level II in-state disaster. If the Red Cross activates an event, Red Cross trained state workers would be called upon to take leave to assist. The Red Cross provides training at no cost to the state or the employee.

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Vice-Chair Thomas questioned what would happen to a state worker's retirement if the volunteer were severely injured and not able to return to work. Representative Millet remarked that the Red Cross provides insurance for the volunteer while deployed on the disaster duty. The state retirement question would need further research to determine. Vice-Chair Thomas asked if the state worker was not able to return to work, could the worker retire early. Representative Millet agreed that unique situation requires further discovery before she can answer. Vice-Chair Thomas voiced his concern that the state could be liable for the state worker's disability. Representative Millet clarified that state workers would not be on the front lines working in dangerous positions, but assisting to provide shelter, clothing, food, and other logistical aspects of disaster relief. Vice-Chair Thomas noted that state workers would still have to get into vehicles, airplanes and other potentially dangerous situations.

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Representative Gara asked if there were any state agencies that would not give state workers time off during emergencies, if requested. Representative Millet noted that has not been a problem, but this bill clarifies the situation for the future. The statute notes the training

aspect of volunteering. Representative Gara asked why the Alaska Railroad Corporation employees were being exempted.

JEFF TURNER, STAFF, REPRESENTATIVE MILLET remarked that the Alaska Railroad Corporation and the Alaska Housing Finance Corporation were excused at their request. Representative Gara asked why they wanted exemption. Mr. Turner replied that complexities involved in these positions would need to be dealt with in different legislation. Representative Gara agreed there might be union employees involved, but remarked that there were union employees within state employment. He noted that exempting the Alaska Railroad Corporation and the Alaska Housing Finance Corporation may show special privilege.

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Mr. Turner expressed that the Alaska Railroad supports the legislation, but a railroad corporate attorney reviewed items within the bill that needed to be addressed in separate legislation. He indicated that the Alaska Railroad memo would be sent to the committee. Co-Chair Stoltze asked if there was any analysis from the state legal division. Mr. Turner replied the only analysis was from the Alaska Railroad Corporation. Co-Chair Stoltze observed that state legal advice should have been consulted.

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Representative Kelly commented that he would prefer all railroad employees available for the railroad should a disaster strike. Co-Chair Stoltze appreciated the speculation, but the reasons for exemption were still unknown. Representative Kelly reiterated that a supervisor makes the call and it can not be unreasonably withheld, but voiced his opinion that the language be reconsidered so the supervisor is in total control. Representative Millet expressed the willingness to entertain any suggestions. Representative Gara noted that taking out "reasonably withheld" keeps the law as it is right now. Representative Kelly agreed that was part of his problem with the bill.

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Representative Millet stressed that a Level II disaster must be declared before anything takes place. Alaskans should be first responders to an emergency rather than importing help from outside. This bill would be identify those employees with trained skills to assist in a disaster. Representative Kelly agreed but expressed some problems he had with the bill. He noted that certain employees should stay in place with their own divisions, but that other responders should be released for duty should they volunteer.

Mr. Turner indicated that the bill drafters based the bill on legislation passed a year ago defining the ability for state employees to take off from work for various compelling reasons. He declared this bill meets the approval of the Department of Administration. He added the bill carries a zero fiscal note. Co-Chair Stoltze questioned why the bill is specific to just the American Red Cross.

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Representative Millet noted that the Red Cross has been identified as a primary disaster relief agency for many states. In addition, the Red Cross offers free volunteer training. Mr. Turner interjected that former Governor Egan, in 1964, designated the Red Cross as the primary disaster relief agency in Alaska.

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MICHELLE HOULIHAN, CEO, AMERICAN RED CROSS OF ALASKA testified via teleconference, believed this bill will allow Alaskans the preparedness to respond to instate emergencies. The bill allows supervisors the discretion of giving permission for employees to deploy in disaster relief. She added that training is free. Representative Gara questioned if this bill allows state workers to take time off for the training. Ms. Houlihan responded that training time is not included, but most training is offered after work hours. Representative Gara asked if there was anything else that other states do that is not included in this bill. Ms. Houlihan responded that the majority of states allow for leave without pay, however 70 percent of the other 47 states do allow for deployment outside of their own state.

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Co-Chair Stoltze MOVED Amendment #1, 26-LS0250\P.1\Wayne:

Page 2, lines 10 - 12:

Delete all material and insert:

"(d) Notwithstanding (g) of this section, each of the following is not eligible for leave without pay under this section:

- (1) an employee of the Alaska Housing Finance Corporation or the Alaska Railroad Corporation;
- (2) a civilian or enlisted member of the organized militia under AS 26.05.010."

Co-Chair Hawker OBJECTED for discussion.

Representative Millet explained that this amendment removes the National Guard, as they will be responding with other duties in an emergency.

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MCHUGH PIERRE, LIAISON, DEPARTMENT OF MILITARY AND VETERANS AFFAIRS, supported this bill, but believed that when the National Guard is on state active duty, they are needed for the disaster they are responding to and should not be allowed to take time away from that disaster. Representative Gara remarked that he was still not clear why the Alaska Railroad and Alaska Housing Finance Corporation would be exempt from in the bill. He agreed with the example presented by Representative Kelly that the law states that a supervisor should grant this leave unless it is unreasonable. He agreed it made sense if an employee was attending to their own division's response to a disaster the worker should not volunteer to go elsewhere. Representative Millet responded that the formal request from the two divisions can be sent to the committee.

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Co-Chair Hawker WITHDREW OBJECTION. There being NO OBJECTION, it was so ordered.

Representative Kelly moved Conceptual Amendment #2:

Page 2, lines 2-3,

Delete after "it;" however, approval may not be unreasonably withheld.

Co-Chair Stoltze OBJECTED for discussion.

Representative Kelly responded that he would be more comfortable with the bill if the supervisor was given more latitude. It should be clear that the supervisor has the right to agree to or reject the request. Representative Fairclough requested a definition for "unreasonable." Representative Gara replied that there are many standards affecting if something is done reasonably or unreasonably. The only way it would come into effect is if someone sued, which was hard to imagine.

Representative Kelly restated his position.

Co-Chair Stoltze WITHDREW his objection.

Representative Gara OBJECTED.

Representative Gara pointed out that if Representative Kelly's amendment is passed then this law would not do

anything so it would be unnecessary to pass the bill. Representative Millet remarked she was comfortable with removing the language addressed by Representative Kelly. She stressed that the point of the bill is that in the event of a disaster, state employees can take time off to assist. Representative Crawford reiterated the strongest part of the bill is that approval may not be "unreasonably withheld." The right exists now for anyone to ask their supervisor for permission to leave to assist in a disaster and the supervisor can give permission or not. If the wording is taken out there is nothing to the bill. Co-Chair Stoltze remarked he was comfortable either way. He did not believe the conceptual amendment offered by Representative Kelly damages the bill.

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Mr. Turner reiterated that the Department of Administration was comfortable with this bill. Representative Gara questioned what the bill would do if the language was taken out. Representative Millet believed it identified state employees who had received special training and were ready to respond in case of a disaster. Representative Gara stressed he does not want to pass out a bill that does nothing.

Representative Gara maintained his OBJECTION.

Co-Chair Hawker interjected with a reference to a statute code that he saw nothing referring to "leave without pay" or "leave with pay" for the purposes that this bill has been brought forward. He agreed that Representative Kelly had a point of wanting to invest a certain amount of control with the employee's supervisor. The bill would still put into law a statutory concept that it is an allowable action or activity. He also agreed with Representative Kelly that the amendment does accomplish something good without mitigating the entire purpose behind the bill. Representative Gara stressed that it important to note that today, without the bill, any employee can ask their supervisor for time off to do something and the supervisor can say yes or no. This bill will just say what is already allowed by law.

A roll call vote was taken on the motion to ADOPT conceptual Amendment #2:

Representative Foster was absent from the vote.

FAVOR: Joule, Kelly, Thomas, Austerman, Fairclough, Stoltze, Hawker

OPPOSED: Salmon, Crawford, Gara

The MOTION PASSED (7-3)

Representative Fairclough spoke to some comments concerning the worthiness of the putting this into statute. The bill clarifies the workman's compensation position. When employees ask their supervisor, under a bargaining or non-bargaining unit, there is ambiguity on who is responsible in case of an injury. This bill provides the necessary allocation on who is responsible if an employee is injured while on leave to assist in an emergency. She noted that some other states have chosen to provide paid leave. She encouraged her colleagues to support this bill as a useful tool to provide the means for employees to volunteer and become better prepared to respond to emergencies in the state.

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Representative Gara believed that it is clear if an employee takes "leave without pay" that the employee will not get state workman's compensation. He stressed this bill does nothing to promote time off, but more likely deters someone from taking the time off.

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Co-Chair Stoltze commented on the zero fiscal note from the Department of Administration. Co-Chair Hawker asked if this bill will require any reprogramming in the state personnel system to account for leave without pay.

DIANE KIESEL, DIRECTOR, DIVISION OF PERSONNEL, DEPARTMENT OF ADMINISTRATION testified via teleconference, that there is a code already built into the system that allows for leave without pay.

Co-Chair Hawker MOVED to report CSHB 77 (STA) as amended out of Committee with individual recommendations and the accompanying zero fiscal.

Co-Chair Stoltze OBJECTED for discussion.

Vice-Chair Thomas did not believe his question had been answered concerning employees severely injured while volunteering. He wondered if the employee could not return to work would that employee still be eligible for state retirement. Co-Chair Stoltze asked if this bill relates to a former bill by Representative Meyers providing workman's compensation. Representative Millet did not believe taking time off from work for disaster or personnel leave would change anything under this legislation. Ms. Kiesel responded that it would depend on the benefit selection made by the employee. She understood it to be a non-occupation disability. Co-Chair Hawker referred to Section 1 AS 23.30.244 of the bill adds statute to the recently passed

legislation that reviewed emergency and disaster relief as far as state employees. As a general rule employees in the state temporarily engaged as civilian volunteers are brought under the state workman's compensation, but the language in Section 1 exempts persons injured in the course of performing as a Red Cross volunteer while on leave without pay. Representative Gara asks if that means the state gives workman's compensation to others who do volunteer work, but not if volunteering on a disaster with the Red Cross. Representative Millet remarked that the Red Cross has its own workman's compensation. Mr. Turner added that the Department of Administration declared that as long as the state employee is on payroll, either working on the first day of the month or takes vacation day on the first day of the month, they are covered for state health insurance for that month.

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Representative Fairclough expressed another benefit of bill is that it maintains the employees state of Alaska medical coverage. Representative Millet clarified that if an employee was injured while on a Red Cross emergency, that employee would be covered under the Red Cross disability. The state insurance would not cover the injury, but the employee would still have their own health insurance for other ailments. The bill removed the state from the responsibility for workman's compensation and also allows the employee to maintain their state of Alaska health insurance. Representative Gara stressed the bill does not change any of that. Representative Millet clarified that she was referring to the employee who did not check "occupational disability" as a benefit; the Red Cross would cover it.

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

CSHB 77 (FIN) was REPORTED out of Committee with a "no recommendation" and with a previously published zero fiscal note: FN1 (ADM)

[2:24:04 PM](#)

#hb184

HOUSE BILL NO. 184

"An Act relating to the debt authorization of the University of Alaska."

Representative Mike Kelly, the bill sponsor, proclaimed HB 184 as an administrative bill that his staff member would explain.

DEREK MILLER, STAFF, REPRESENTATIVE KELLY, announced that the HB 184 adjusts the current bond debt cap for the University of Alaska to reflect today's construction prices. Current Alaska Statute allows the University of Alaska to borrow money, issue debt, or enter into long-term obligations for the purchase of facilities, goods or services without having to provide notice to the legislature as long as the annual debt service payment doesn't exceed \$1 million set in 1990. HB 184 bumps up the threshold to \$2.5 million to reflect today's construction prices. In 1990, \$1 million in annual debt service was the cost of financing a \$15 million capital project. Taking into consideration construction inflation in Alaska, a \$15 million capital project build in 1990 would cost about \$40 million today. Annual debt service on \$40 million is \$2.5 million assuming a 4.5% interest rate and a 25-year straight line amortization. Mr. Miller signified that the University has had a history of being excellent stewards of debt and possess a Moody's Investor Service Aa3 rating. This indicates a safe risk with low risk for failure. The University's current amount of outstanding debt is less than half of the board of regency's policy limit. This bill is an administrative action that eases the burden of compliance with the statute for smaller bond issues. Mr. Miller noted a concern on how this would affect the university's ability to bond a new facility without legislative approval. He referred to an email that expressed this is not a receipt authority, but a separate secondary authority as it relates to bonding of receipt authority that the legislature gives the university. (Email-Myron J. Dosch, March 23, 2009, copy on file). Mr. Miller pointed out the zero fiscal note attached to the bill and the letter of support from the university.

Co-Chair Hawker clarified that the legislature was increasing the cap on the annual payment the university may enter into a debt agreement from \$1 million to \$2.5 million. He referred to line 11, that any project that is so debt financed must have "...been approved by the legislature by law." This is not a cap where the University can go bond without coming to the legislature's approval. This simply gives the university latitude to deal with smaller projects without having to confirm specific bonding authority with the legislature.

Representative Kelly replied that was correct. Co-Chair Hawker gave his complete support and endorsement of this proposal.

Representative Fairclough interjected that this bill would allow the university to enter into lease agreements. The university red book indicated that leasing capacity had exceeded the dollar amount for several different pieces of property.

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Representative Fairclough noted that the university has exceeded that leasing capacity in Fairbanks so this would take it off the radar screen.

MYRON DOSCH, CONTROLLER, UNIVERSITY OF ALASKA testified via teleconference that he was available for questions.

Vice-Chair Thomas asked if it was true that with added buildings there would be added overhead and maintenance costs. Representative Kelly responded that was true. Once the project is approved, this bill would allow, for smaller issues, bonding that would take care of it, but it would not change the permission nor does it change the board of regents debt cap for the total system. Vice-Chair Thomas wondered if that would be smaller buildings or maintenance on buildings or would all the money be spent on one building. Representative Kelly replied that the original \$1 million covered construction which would be \$15 million in todays non-adjusted for inflation dollars.

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Vice-Chair Thomas responded that this would add to the overhead and the university must be cautious. Representative Fairclough asked Mr. Dosch what buildings are exceeding the obligation capacity at the university. Mr. Dosch replied that the two facilities in the university red book are the UAF Life Sciences Innovation and Learning Facility and the UAF Energy Technology Building. Each building has receipt authority that is over \$15 million based on how it was requested. If this was debt financed, this statute would apply and would require the university to do the specific things notified in this statute, which is the notice and specific approval.

Co-Chair Stoltze reported that the zero fiscal note reports that HB 184 increases the debt authorization level for the University of Alaska and is not anticipated to have a measurable fiscal impact on the university.

Representative Hawker MOVED to report HB 184 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HB 184 was REPORTED out of committee with a "no recommendation" and with a previously published fiscal note:
FN1 (UA)

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ADJOURNMENT

The meeting was adjourned at 2:34 PM