

**ALASKA STATE LEGISLATURE**  
**SENATE STATE AFFAIRS STANDING COMMITTEE**

March 17, 2009

8:59 a.m.

**MEMBERS PRESENT**

Senator Linda Menard, Chair  
Senator Kevin Meyer, Vice Chair  
Senator Hollis French  
Senator Joe Paskvan

**MEMBERS ABSENT**

Senator Albert Kookesh

**COMMITTEE CALENDAR**

SENATE BILL NO. 78

"An Act relating to the powers and duties of the legislative audit division."

HEARD AND HELD

SENATE BILL NO. 23

"An Act repealing the defined contribution retirement plans for teachers and for public employees; providing a defined benefit retirement plan for teachers and public employees; making conforming amendments; and providing for an effective date."

HEARD AND HELD

CS FOR HOUSE BILL NO. 63(FIN)

"An Act relating to the Council on Domestic Violence and Sexual Assault."

HEARD AND HELD

SENATE BILL NO. 69

"An Act reestablishing the Alaska Commission on the Status of Women; and relating to the purpose and powers of the Alaska Human Relations Commission."

BILL POSTPONED TO March 19, 2009

**PREVIOUS COMMITTEE ACTION**

BILL: SB 78

SHORT TITLE: LEGISLATIVE AUDIT DIVISION POWERS

SPONSOR(S): SENATOR(S) DYSON

01/26/09 (S) READ THE FIRST TIME - REFERRALS  
01/26/09 (S) STA, FIN  
03/17/09 (S) STA AT 9:00 AM BELTZ 211

BILL: SB 23

SHORT TITLE: REPEAL DEFINED CONTRIB RETIREMENT PLANS

Sponsor(S): Senator(S) Elton

01/21/09 (S) PREFILE RELEASED 1/9/09  
01/21/09 (S) READ THE FIRST TIME - REFERRALS  
01/21/09 (S) L&C, STA, FIN  
02/12/09 (S) L&C AT 1:30 PM BELTZ 211  
02/12/09 (S) Heard & Held  
02/12/09 (S) MINUTE(L&C)  
02/19/09 (S) L&C AT 1:30 PM BELTZ 211  
02/19/09 (S) Heard & Held  
02/19/09 (S) MINUTE(L&C)  
02/26/09 (S) L&C AT 1:30 PM BELTZ 211  
02/26/09 (S) Moved CSSB 23(L&C) Out of Committee  
02/26/09 (S) MINUTE(L&C)  
02/27/09 (S) L&C RPT CS 4DP 1NR NEW TITLE  
02/27/09 (S) DP: PASKVAN, MEYER, THOMAS, DAVIS  
02/27/09 (S) NR: BUNDE  
03/17/09 (S) STA AT 9:00 AM BELTZ 211

BILL: HB 63

SHORT TITLE: COUNCIL DOMESTIC VIOLENCE: MEMBERS, STAFF

SPONSOR(S): REPRESENTATIVE(S) FAIRCLOUGH, HOLMES, COGHILL,  
WILSON

01/20/09 (H) READ THE FIRST TIME - REFERRALS  
01/20/09 (H) STA, FIN  
01/20/09 (H) PREFILE RELEASED 1/16/09  
02/12/09 (H) STA AT 8:00 AM CAPITOL 106  
02/12/09 (H) Moved CSHB 63(STA) Out of Committee  
02/12/09 (H) MINUTE(STA)  
02/13/09 (H) DP: JOHNSON, GATTO, SEATON, GRUENBERG,  
WILSON, PETERSEN, LYNN  
02/13/09 (H) STA RPT CS(STA) 7DP  
02/26/09 (H) FIN AT 1:30 PM HOUSE FINANCE 519  
02/26/09 (H) Moved CSHB 63(FIN) Out of Committee  
02/26/09 (H) MINUTE(FIN)  
02/27/09 (H) DP: THOMAS, GARA, CRAWFORD, JOULE,  
AUSTERMAN, KELLY, FAIRCLOUGH, SALMON,  
STOLTZE  
02/27/09 (H) FIN RPT CS(FIN) 9DP  
03/02/09 (H) VERSION: CSHB 63(FIN)

03/02/09 (H) TRANSMITTED TO (S)  
03/09/09 (S) READ THE FIRST TIME - REFERRALS  
03/09/09 (S) STA, FIN  
03/17/09 (S) STA AT 9:00 AM BELTZ 211

#### **WITNESS REGISTER**

SENATOR FRED DYSON  
Alaska State Legislature  
Juneau AK

**POSITION STATEMENT:** Presented SB 78 as sponsor.

PAT DAVIDSON, Auditor  
Division of Legislative Audit  
Alaska State Legislature  
Juneau AK

**POSITION STATEMENT:** Answered questions about SB 78.

JESSE KIEHL, Staff  
to Senate District B  
Alaska State Legislature  
Juneau AK

**POSITION STATEMENT:** Presented SB 23.

PAT SHIER, Director  
Division of Retirement and Benefits  
Department of Administration (DOA)  
Juneau AK

**POSITION STATEMENT:** Answered questions about SB 23.

REPRESENTATIVE ANNA FAIRCLOUGH  
Alaska State Legislature  
Juneau AK

**POSITION STATEMENT:** Presented HB 63 as sponsor.

#### **ACTION NARRATIVE**

[8:59:35 AM](#)

**CHAIR LINDA MENARD** called the Senate State Affairs Standing Committee meeting to order at 8:59 a.m. Present at the call to order were Senators Meyer, Paskvan, and Menard. Senator French arrived soon thereafter.

#### **SB 78-LEGISLATIVE AUDIT DIVISION POWERS**

[9:00:40 AM](#)

**CHAIR MENARD** announced the consideration of SB 78.

[9:00:44 AM](#)

SENATOR FRED DYSON, Alaska State Legislature, sponsor of SB 78, said auditor Pat Davidson has frustrated him over the years because she is always right. "I have come to the conclusion that it's a very well-run function and they have done an excellent job for us." Ms. Davidson tells him that her authority is limited to audits of state organizations. He would like to expand it to cover any organization that receives state funds. SB 78 does that. He has heard that some of the pass-through grants of state divisions were "kinda insider deals" where the people steering the grants gave the money to very close associations, including family members. He is not asserting that that is true, but he is concerned about it. He has asked Ms. Davidson to audit things that he thought were being misused. She told him she doesn't have that authority. When Governor Murkowski took office he said he was surprised at how little auditing there was in the executive branch. The auditors have done magnificent work, and he wants to give them the authority to do audits anywhere public funds pass through state hands. The legislature is a steward of public funds.

SENATOR DYSON said Ms. Davidson doesn't arbitrarily audit things. She is subject to the legislature's direction. There is a drafting error on page 1, line 4. The drafter changed "shall" to "may" and it should be changed back. The other change on page 2 clarifies that the legislature and the audit office have the authority to track public money that goes through the state.

[9:04:56 AM](#)

SENATOR MEYER asked if this would include federal money passed through the state, including the economic stimulus money that the state will receive.

SENATOR DYSON said his intention is to give the authority to audit any public monies that pass through state hands.

[9:05:34 AM](#)

SENATOR FRENCH asked if the boy scouts got \$5,000 to work on their ball fields, would SB 78 allow for a total audit of all boy scouts or would it just be limited to the \$5,000?

SENATOR DYSON said his intention is to only track the money that went through the state. He hears from his district that grants from the state are getting siphoned off for other projects. The auditor could chase that down. He would like to see SB 78 made into a committee bill.

PAT DAVIDSON, Auditor, Division of Legislative Audit, said she agreed with changing "shall" to "may". That wouldn't weaken her current authority. In existing law there are two areas that make the audit division as effective as it is. Item number 6 allows access at all times to books, accounts, reports and other records -- whether confidential or not -- of every state agency. It also requires assistance and cooperation of all state officials and other state employees on the inspection, examination, and audit of state agency accounts. That makes the audit division effective and efficient. Because both Section 5 and 6 refer to state agencies, in Section 11 the committee may want to extend the division's authority to nonprofits or local governments. "We are a service agency to the legislature. If it's the legislature's policy call that you want us to be following that state money to wherever it goes, I'm fine with that." It is unclear if she is now allowed to audit once the money has left the state agencies. If there is a grant agreement that allows the department to audit the money, her division can do an audit. There is money that flows out of the state without many strings attached, like revenue sharing, and she can't audit those. It's fine if the legislature gives the audit division that authority, but it should consider whether it wants the auditors to have access to confidential information at that local level. That is an effectiveness and efficiency issue.

CHAIR MENARD asked if she supported the bill as written.

MS. DAVIDSON replied, "If the legislature wants the audit division to be able to follow all state money into local governments and nonprofits, then I believe that Section 11 will do that for us" But the two other concerns are public policy issues. "Do you want us to be able to look at confidential information, if generated, and require the assistance of state and local officials?" Those are efficiency and effectiveness issues.

[9:12:06 AM](#)

CHAIR MENARD assumed this would require an increase in staff.

MS. DAVIDSON said there is a zero fiscal note because it doesn't mandate any additional audits. It allows the Budget and Audit Committee to approve additional audits. Currently, about 70 percent of her workload is mandated by statute. The other 30 percent is from legislative requests approved by the committee, and they are dealt with on a first come, first served basis. If those audit reports aren't completed in a timely manner, she

will hear about it. A staffing discussion would follow. This may increase the workload, but she would have to see.

SENATOR MEYER asked what her backlog is now. If someone requests an audit and it is approved, does it take a year to complete?

MS. DAVIDSON said it will take about six to nine months. Federal auditors are talking to her about additional requirements for the stimulus money. "Normally that statewide single audit that covers all the federal requirements eats up about 60 percent of our budget - it's going to be going up, and that workload is probably going to be there for the next four to five years."

[9:14:29 AM](#)

SENATOR MEYER said, "She doesn't need any additional staff to do what's being asked of her in the bill; it's just that if we want it done faster than the six to nine months or year ... then we would have to add staff, and of course that would change the fiscal note." He is concerned about the federal money. The state is responsible for state money. But, for example, if federal money came to the state and was passed to the school district, what would the state do with the results of the audit?

MS. DAVIDSON said the federal government is more consistent about putting audit requirements on their money than the state is. The federal government wants the state to be accountable for any federal money passed to the state. The system that is set up now is the single audit approach. So when federal money comes to a school district - either directly or from the state - when the auditors are in there, they will be doing federal compliance work to make sure the money is spent in accordance with the federal requirements. The state agencies are responsible for taking any findings from those audits and acting on them. "And so right now the layer for federal money is pretty well complete, but with all single audits, there's thresholds for what you have to audit and what you don't have to audit." Federal dollars passing through now generally have audit requirements with them.

[9:16:58 AM](#)

SENATOR MEYER asked if that includes the stimulus money.

MS. DAVIDSON said the U.S. Office of Management and Budget, General Accounting, and the Inspector General in each department are scrambling to come up with "compliance supplements," which are the regulations that the auditors will have to follow when auditing that money. Her understanding is that "they're cranking

those things up for us to look at more - rather than less -- when it comes to the economic stimulus money."

SENATOR FRENCH asked if receiving a small amount of state money would enable the legislative Audit and Budget Committee to order an audit of the entire organization. Language on page 2, lines 24 and 25, suggests that the receipt of just a little state money would allow a "thorough top-to-bottom review of any organization that got any amount of money from the state." In terms of efficiency, it would concern him if the auditors were asked to look at the Alaska boy scout organization "from stem to stern" because it got \$5,000 for a ball field. That would not be a wise use of state resources. He asked Ms. Davidson if the bill language was broader than it should be.

[9:19:12 AM](#)

MS. DAVIDSON said the way she read it and based on her background, "we would follow the state money." But there would be some overlap. If, for example, \$5,000 of state money was comingled with \$10,000 of Rasmussen money, "we would limit ourselves as much as possible to the \$5,000; however, when you get into an organization that small you're not going to find a sophisticated accounting system where they are setting up controls ... for different pots of money, and as a result ... our evaluation would be of the system overall." But there would be a focus on just the state's \$5,000.

SENATOR FRENCH said Ms. Davidson has a sterling reputation, but for posterity he asked that the language be tightened with respect to the powers of the audit committee and auditing board.

[9:21:27 AM](#)

SENATOR PASKVAN said if the audit is approved, could the approving language have those restrictions?

MS. DAVIDSON said the audits that are approved by the Legislative Budget and Audit committee are generated by individual legislators. They write to the committee chair requesting an audit. In that request they have to identify what the objective is, and she has to understand what the requester wants. The legislature has authority over state funds, but she is not sure that even the legislature can order an audit of raffle receipts of an organization. There is an inherent limitation on what can be audited because the authority comes from the legislature. The bill will allow her to move from state agencies down to nonprofits and local governments. "I didn't

read it to expand it beyond state funds or federal funds flowing from the state."

[9:23:49 AM](#)

SENATOR DYSON remembered previous conversations with Ms. Davidson where he asked if she could hire contract auditors, and she had indicated that she could. If the committee thinks something is a priority, the tools are in place to hire help. Ms. Davidson made a good point about what access an auditor will have when auditing a non-state organization. He will fix that language today. He asked again to make SB 78 a committee bill because it is excellent public policy.

SENATOR MEYER moved to adopt Amendment 1, which inserts the word "duties" and on Page 1, lines 4 and 5, deletes "may", and inserts "shall". There was no objection and Amendment 1 was adopted.

SENATOR FRENCH moved Amendment 2, conceptually, as follows: On page 2, line 24, "that the audit function be restricted to the state dollars that an organization receives and not an umbrella audit." He trusts Ms. Davidson, but the language says: "perform an audit of an organization that receives money from or through the state." That is a sweeping statement and is too broad.

SENATOR DYSON said that would be good. "I would encourage you to consider whether or not that it includes federal funds that flow through the state." He wants the language to include "public funds flowing through the state."

SENATOR FRENCH said no one wants to see fraud, waste, or abuse. On the other hand, the powers of the federal government to watch its money versus the state's ability to watch state money is out of whack. State money should only be spent to watch state dollars. He suggested taking a day to tighten the language and pass it out in the next hearing.

SENATOR MEYER said the sponsor requested a day to rework it.

SENATOR FRENCH said he will draft something for the sponsor.

[9:28:55 AM](#)

CHAIR MENARD held SB 78 and took a brief at-ease.

**SB 23-REPEAL DEFINED CONTRIB RETIREMENT PLANS**

[9:30:32 AM](#)

CHAIR MENARD announced the consideration of SB 23.

SENATOR PASKVAN said he took over sponsoring the bill for former Senator Kim Elton. He and Senator Elton's staff have invested a tremendous amount of energy into SB 23, "and I am honored to carry this legislation forward on behalf of Senator Elton and the bill's eight remaining cosponsors." He said the Senate Labor and Commerce Committee took a very good bill and made it a little better by taking the recommendations of the Chief Financial Officer of the Fairbanks North Star Borough, who presented testimony on his own behalf. SB 23 is sound social policy. Teachers, police, firefighters, and other public employees earn the right to a dignified retirement. The bill will help recruit and retain workers. It is sound fiscal policy. "We know that between the DB [defined benefit] and the DC [defined contribution], it's nearly a wash." There are studies about a better bang for the buck from the National Institute of Retirement Security. The DB adds a stabilizing influence, and the 2006 expenditures and retirement benefits in the state of Alaska accounted for 6,270 jobs and paid \$385 million in income within the state. It was \$1 billion in total economic output, and it accounted for \$155 million in federal, state, and local tax revenues.

JESSE KIEHL, Staff to Senate District B, Alaska State Legislature, said the bill may need a new short title because it doesn't repeal the DC plan. Those statutes remain on the books. It places virtually all new hires of the state, municipalities, and school districts into the DB pension system. It also provides a choice to a very limited group of professionals who are already vested in some other pension system. They would be people who have retirement security, like a retired military person who would be a "great catch" for an employer. The other new ones would go into the least expensive tier: Tier III for the public employees retirement system (PERS) and Tier II for the teachers retirement system (TRS). "Those are the most restrictive of the defined benefit - the pension systems - the most difficult to vest in a pension, the most difficult in, most importantly, the health care benefit; however, they still provide a very good and adequate and secure retirement for their beneficiaries who remain in public employment long enough to vest in the benefits." He referred to the information in the committee packets and on the public record.

[9:36:21 AM](#)

MR. KIEHL said the greatest benefits to the state and the school districts are the great incentives for employees to stay on. It

also helps recruit better employees. The DC plan allows employees to take away the employer's money and the money that came out of their paychecks when they leave, but under the DB system an employee can cash out their own money but not the state money that was put into the pension program. That money stays, earns interests and dividends, and helps fund the benefits for others. It is a strong incentive for employees to stay. That is important because the state and school districts spend a lot of money training employees. It is not at all uncommon to spend \$15,000 training a new employee. Public safety employers say they spend over \$150,000 to train a new employee. Turning them over in a hurry is not good management. Defined benefit systems help keep good employees.

[9:38:04 AM](#)

SENATOR MEYER asked about employees who have no intention to stay, like college professors who like to go from college to college to advance their careers. Would they have an option? Are the only people who can choose between the two plans ones who are already vested in a DB plan?

MR. KIEHL replied in the affirmative.

SENATOR MEYER asked about giving an option to any new employee.

MR. KIEHL replied that the University of Alaska has something like that, but it creates more costs. The actuaries call it "adverse selection." The most expensive people to provide a secure pension to, like people 10 years from retirement, are just about guaranteed to choose the DB plan, and people who cost the least, like those entering state service at a young age, are more likely to choose the DC plan. It changes the demographics of the pool and ends up costing more. There is also the question of retirement security. The recent market has shown that professional managers invest better. The professional investment managers in the Department of Revenue who manage the pension trust funds were down about 22 percent at the end of 2008. Record losses in the market hit everybody. The DC accounts were down about 35 percent. "A staggering difference." The DOA has told state departments that when a state employee goes to an investing seminar offered to those in the DC plan by the state, it's work time. So the state pays troopers, biologists, file clerks, and others to learn about investing instead of doing their state work. At the same time, the state is paying professional investment managers. That may not be the most efficient use of state resources.

SENATOR MEYER said it seems that the state is having to go outside to recruit employees. So offering a choice of plans may get more younger people who want a DC plan. It is not that big of an issue to him, but it might be helpful for recruitment.

9:43:30 AM

SENATOR FRENCH asked that a letter to Pat Shier from Buck Consultants on February 12, 2009 about the relative costs of the two plans be put on the record. He asked for those numbers and how Mr. Shier saw it.

9:44:08 AM

PAT SHIER, Director, Division of Retirement and Benefits, Department of Administration (DOA), said page 1 of that letter has a comparison of the DB and DC plans for PERS. This is normal cost only. "You see the 2.97 percent at the top of that column - - that's the average normal cost rate for a DB employee -- 7.98 percent for medical cost normal, and the total 10.95 compared to the DCR rate of 5 percent for pension, 0.38 for occupational death and disability, 0.85 percent for health, 3 percent for the health reimbursement arrangement, for a total of 9.23."

SENATOR FRENCH asked him how the medical costs can be so wildly different. One is 7.98 for medical normal cost rate for DB Tier III, and DCR is 0.85 plus 3 percent, which is half of what the state is paying for the Tier III employees.

MR. SHIER said most of that is plan design. Also, a significant feature separating the DB plan from the DC plan for health is that one must retire out of the system in the DC plan to get the employer-paid health plan. It is unclear to many people that the DC retirement plan is actually a hybrid. The health plan in that system is paid entirely by employer contributions. That's the 0.85 percent. That describes the cost of putting money away now to pay health claims under that plan for those that gain access by retiring out of the system and staying long enough. There is cost sensitivity in the new plan because even retirees will have to pay some portion of the premium. "We are designing into that some health improvement features and other sensitivities to cost in- and out-network mixes. Those are not in the current health plan right now."

SENATOR MEYER asked about making the plan optional to new employees. What costs would be associated with that? The DB plan is more expensive to the state, so would it be beneficial if some new employees took the DC plan because they don't plan on

staying in Alaska for more than five or six years? Is the administration still neutral?

MR. SHIER said the administration is concerned about any change in the retirement systems that would add to future cost or to the unfunded liability. The fiscal note still shows a significant increase in costs for 2011 and on, even under the limited-choice provision of the current bill. The administration is taking a cautious position. He doesn't know what the bill will do for recruitment. About 20 percent of the PERS workforce are DC; thousands of people have been hired under the new tier for both TRS and PERS. Individuals may be incented to stay longer; "however, we must remember that in the defined benefit plan, after 10 years an individual can leave the state of Alaska public employment with the state of Alaska or a political subdivision or a school district - it's actually a little shorter than that - and they take with them that guarantee to pay a pension and health care for the rest of their life after they retire. Age 60 would be the normal retirement age." Under the current DC plan, a worker must stay in the system for a sufficient number of years and then retire directly out of the system in order to have access to the health care benefit. "We really don't have the data to show definitively that recruitment and retention are materially affected by the current DCR plan."

9:50:50 AM

SENATOR MEYER asked if administrative costs would increase by making the plans optional to all new employees.

MR. SHIER said the complexity of a choice would add administration costs. The DOA would strive to reduce costs. Costs are not insignificant in calculating the amount of DC balance an individual may have if he or she chooses to switch to DB. "Every time we make a change to the system, we do introduce some complexity and we have some costs."

SENATOR PASKVAN said the fiscal note indicates that in 2012 the cost will be about \$16 million, and that is based on the assumption of all people returning to DB.

MR. SHIER said that is accurate. The identifier reflects that number. In conversations with the sponsor's staff, it was retooled. It produced a fiscal note, dated 3/16/09, showing a slightly lower number: \$15 million. That reflects the idea that there will be choice.

SENATOR PASKVAN said, "So that the public policy issue is framed a little more closely, that \$15 million is the cost in reference to approximately a \$3 billion payroll, so that \$15 million is maybe one half of one percent of a payroll cost."

MR. SHIER said it reflects the change in the normal cost rate, and that increase for both PERS and TRS, when including the health portion, goes over 1 percent.

[9:55:00 AM](#)

CHAIR MENARD held SB 23 over and the committee took a brief at-ease.

**CSHB 63(FIN)-COUNCIL DOMESTIC VIOLENCE: MEMBERS, STAFF**

[9:56:27 AM](#)

CHAIR MENARD announced the consideration CSHB 63(FIN).

REPRESENTATIVE ANNA FAIRCLOUGH, Alaska State Legislature, speaking as sponsor, said Alaska has ranked number one in sexual assault in the nation for 28 out of the last 30 years. "We have some horrific numbers in this state ... when it comes to violence." The 25th legislature created a taskforce to relook at how Alaska delivered services to people who experience domestic violence and sexual assault. The taskforce created a report. She was chair of the taskforce and sponsor of the legislation. It had bipartisan and bicameral support. Senator Elton endorsed CSHB 63(FIN).

REPRESENTATIVE FAIRCLOUGH said the bill changes the number of council members from seven to nine. It adds one new public member and a member from the Department of Corrections (DOC). The Department of Health and Human Services previously had the DOC under it. This will give the taskforce the opportunity to start talking about prevention as well as accountability, and go through the full spectrum about what happens to the victim and the perpetrator. The bill also requires one of the public members to be from a rural community, and the CS defines that community as having a population of 7,500 or less.

REPRESENTATIVE FAIRCLOUGH said the bill changes the term of office from two to three years because council members didn't get adequate training and only sometimes saw a budget once during their term. It will give them more historical perspective. There was great controversy in previous years in funding the council. There was concern that the Alaska Network on Domestic Violence and Sexual Assault is currently written in

statute that the governor "shall" talk to the network and review nominations from the council. There is consensus to change that "shall" to "may". She encourages the governor to use the resources of the network, which is a membership program with 19 entities throughout Alaska. The bill clarifies that a public member can't be a state employee. When she was the executive director it seemed like everyone was a state employee. They were all doing a good job, but it didn't feel like there was a true public member.

[10:02:16 AM](#)

REPRESENTATIVE FAIRCLOUGH said many of the described changes are in Section 1 of the bill. Section 3 changes the quorum requirements. Section 4 changes the employment status of the council staff, except for the executive director, to nonexempt positions. Section 5 modifies the language in statute that deals with exempt employees. Section 6 adds a new subsection dealing with the appointment of a new member on the council.

[10:03:44 AM](#)

REPRESENTATIVE FAIRCLOUGH said there is a question if staff would have to take a pay decrease to move to nonexempt positions. She also doesn't know if the employees would have a waiting period for health insurance and if preexisting conditions will be covered. She has a conceptual amendment to strip that part of the bill and find out if she can rewrite it. It can also be worked on in committee. The taskforce supported the change because the council staff should not be exposed when governors change, because continuity is important. She doesn't want people to lose benefits or wages. "We were trying to secure their positions currently as they exist today, and let them have that nonexempt position."

CHAIR MENARD said she could reschedule the bill for Thursday.

REPRESENTATIVE FAIRCLOUGH suggested having the changes refer only to future employees, but that could create an inequity.

SENATOR PASKVAN asked why the definition of "rural" is 7,500.

REPRESENTATIVE FAIRCLOUGH said the other body wanted Bethel to be considered a rural community. There are five different definitions of rural in state statute. That definition may increase the number of applicants to the council.

CHAIR MENARD held HB 63 in committee.

10:09:44 AM

CHAIR MENARD adjourned the Senate State Affairs meeting at 10:09 a.m.