

HOUSE FINANCE COMMITTEE
April 12, 2013
2:04 p.m.

2:04:10 PM

CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 2:04 p.m.

MEMBERS PRESENT

Representative Alan Austerman, Co-Chair
Representative Bill Stoltze, Co-Chair
Representative Mark Neuman, Vice-Chair
Representative Mia Costello
Representative Bryce Edgmon
Representative Les Gara
Representative Lindsey Holmes
Representative Scott Kawasaki, Alternate
Representative Cathy Munoz
Representative Steve Thompson
Representative Tammie Wilson

MEMBERS ABSENT

Representative David Guttenberg

ALSO PRESENT

Daniel George, Staff, Representative Bill Stoltze; Roberta Graham, Assistant Commissioner, Department of Commerce, Community and Economic Development; Senator Cathy Giessel, Sponsor; Curtis Thayer, Deputy Commissioner, Department of Administration; Nicki Neal, Director, Division of Personnel, Department of Administration; Rynneiva Moss, Staff, Senator John Coghill; David Scott, Staff, Senator Donny Olson; Elizabeth Sweeney Nudelman, Director, School Finances and Facilities, Department of Education and Early Development; Tom Begich, Policy Director, Citizens for the Educational Advancement of Alaska's Children.

PRESENT VIA TELECONFERENCE

Johanna Bales, Executive Director, Tax Division, Department of Revenue; Dave Herbert, Superintendent, St. Mary's City School District.

SUMMARY

HB 192 PAYMENT OF FISHERY RESOURCE LANDING TAX

HB 192 was SCHEDULED but not HEARD.

SB 7 am CORPORATE INCOME TAX

HCS SB 7(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new fiscal note from Department of Revenue and one new zero note from Department of Commerce, Community and Economic Development.

CSSB 18(FIN) am

BUDGET: CAPITAL

CSSB 18(FIN) was SCHEDULED but not HEARD.

CSSSSB 47(FIN)

DISTRICT OPERATED BOARDING SCHOOLS

HCS CSSSSB 47(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new fiscal impact note from the Department of Education and Early Development.

SB 62 SCHOOL CONST. GRANTS/SMALL MUNICIPALITIES

SB 62 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal note: FN1(EED).

CSSB 95(FIN)

STATE EMPLOYEE COMPENSATION AND BENEFITS

HCS CSSB 95(FIN) was REPORTED out of committee with a "do pass" recommendation and with three previously published fiscal impact notes: FN1(GOV), FN2(LEG), FN3(CRT).

#sb7

SENATE BILL NO. 7 am

"An Act relating to the computation of the tax on the taxable income of a corporation derived from sources within the state."

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Co-Chair Stoltze discussed the meeting schedule.

Representative Costello MOVED to ADOPT the proposed committee substitute for SB 7 am, Work Draft 28-LS0104\C, (Bullock, 4/9/13).

Co-Chair Stoltze OBJECTED for discussion.

DANIEL GEORGE, STAFF, REPRESENTATIVE BILL STOLTZE, addressed the changes in the CS. He communicated that the bill was the companion to HB 68. He explained that the tax bracket for the first \$25,000 had been zeroed out in the Senate, which had inadvertently caused tax bracket calculations to add up incorrectly; no relief was reflected for corporations earning over \$25,000. The CS added items related to the film tax incentive program beginning in Section 2. The first item was included on page 2, line 29 through page 3, line 6 and prohibited certain content including news, weather, current event programming, industrial and corporate purposes, advertisements and infomercials, political advertisements, and sexually explicit content. He stated that the items were originally prohibited under the current film tax program that would expire on June 30, 2013. He noted that the prohibitions had not been carried forward when the program had been continued the prior year.

Co-Chair Stoltze remarked that not carrying the prohibitions forward had been an omission rather than commission.

Mr. George addressed the second change to the film tax incentive program (page 3). He pointed to a Legislative Legal Services document (copy on file) that explained the transition language. He relayed that the provision would allow individual productions that qualified under the old program to finish their productions and to continue receiving the film tax credits instead of needing to reapply in the new program.

Co-Chair Stoltze asked the department to comment on the language.

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ROBERTA GRAHAM, ASSISTANT COMMISSIONER, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT (DCCED), shared that DCCED believed the language provided the necessary transition to allow the film office to complete projects that had received a notice of qualification and were currently underway. She expounded that without the language there would be more than 55 productions that would have to go through a reapplication process; the process would require considerable time and effort. She stated that the department supported the amendment.

Co-Chair Stoltze referenced some negative public reaction to legislative efforts and remarked on working to do the right thing despite the comments. He believed the reaction would be forgotten once the bill had passed.

Representative Costello asked for comment about the first addition included in Section 2. Ms. Graham responded that Section 2 would exclude five types of productions that had been in the original bill prior to a change made in the previous year. She stated that the items were important to exclude; DCCED supported the exclusion of news and weather programming and sexually explicit films.

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Co-Chair Austerman asked how the department felt about the benefit of having the film industry in Alaska versus the amount of tax the state credited back to the industry.

Ms. Graham answered that the film industry was in its infancy in Alaska. She referenced a 2012 legislative audit that looked at the financial and the operational pieces of the film incentive program, which estimated a return to the state of approximately \$18 million. She added that the department's estimate of return to the state was more conservative at approximately \$10 million; it included the ground spend in Alaska plus wages earned by Alaskans less the tax credit. She expounded that the program had been successful in its employment of Alaskans and in bringing productions to the state.

Co-Chair Stoltze appreciated the department's endorsement. He WITHDREW his OBJECTION. There being NO further OBJECTION, Work Draft 28-LS0104\C was ADOPTED.

SENATOR CATHY GIESSEL, SPONSOR stated that SB 7 would update the corporate income tax brackets. She explained that idea for the legislation was a result of a conversation with business owners who had pointed out onerous tax brackets. She explained that the top tax bracket was reached at a taxable income of \$90,000. She furthered that the tax brackets had been set in 1981; there had been significant inflation since that time, which had resulted in a tax increase for businesses. She communicated that the legislation's primary benefit was to small and medium sized C corporations. The top tax bracket would move from \$90,000 of taxable income to \$220,000. The major companies that would be impacted by the bill were construction, transportation, and retail. She stressed that the fiscal note was less than half of 1 percent of the corporate income tax taken in by the state from C corporations. She stated that the change was not a significant impact to the state, but that it was significant to the companies; it left more hard-earned money in their hands.

Senator Giessel communicated that the bill had received wide support from individuals and many state chambers of commerce throughout Alaska including the state chamber and chambers in Fairbanks, Anchorage, Seward, Chugiak-Eagle River, Juneau, and Wasilla. She referenced a letter of support from the Nana Corporation pointing out that its shareholder businesses would benefit from the change. She stated the change was a principle of reduced government take. She expressed delight about an amendment made in the Senate that would zero out the first tax bracket. She added that the amendment had resulted in the readjustment of some of the numbers included in the bill.

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Senator Giessel referred to a legislative affairs research paper in members' packets (copy on file). She pointed to a chart on page 3 and stated that the lower half of the brackets showed the current system. She discussed that her colleague in the Senate had stated that the zeroing out of the first tax bracket would impact 14,000 companies that

were eligible to pay corporate income tax in 2011. She corrected that only 1,300 companies would be impacted (there were 14,000 companies that fell into the bracket (some were S Corporations and LLCs), but due to various deductions the companies would not all be affected). She reiterated that the bill would leave more hard earned money in the hands of small businesses.

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Co-Chair Stoltze CLOSED public testimony.

Representative Costello discussed a fiscal note from the Department of Revenue (DOR) that showed no fiscal impact to operating expenditures and an annual \$5 million loss in state revenue from FY 15 through FY 19.

Representative Kawasaki asked for verification that the \$5 million change in revenue would result from a decrease in tax filers. He asked if fewer DOR employees would be needed to process taxes if there was a reduction in filers.

JOHANNA BALES, EXECUTIVE DIRECTOR, TAX DIVISION, DEPARTMENT OF REVENUE (via teleconference), stated that there would not be fewer filers. The bill affected tax rates only; filers in the zero tax bracket would still be required to file a return.

Representative Gara asked for verification that the state would collect \$5 million less per year beginning in FY 15 because of the reduction to the tax rate. Ms. Bales replied in the affirmative. She detailed that the bill would adjust the tax rate down; every current tax payer would receive a reduction in their tax liability. She stated that the fiscal note of \$5 million was an estimate. There were close to 1,500 tax payers who would see some reduction; some of tax payers would fall into the zero tax liability bracket.

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Representative Costello addressed a zero impact fiscal note from the Department of Commerce, Community and Economic Development.

Representative Costello MOVED to REPORT HCS SB 7(FIN) out of committee with individual recommendations and the accompanying fiscal notes.

Representative Gara OBJECTED for discussion. He would be comfortable eliminating taxes for businesses making less than \$25,000 per year or lowering the rate for businesses making less than \$50,000 per year. He questioned how the state would pay for things if various revenue reducing bills and budget costs were passed; he stressed that \$5 million was a significant amount of money. He communicated that he would probably cosponsor the legislation in a different year; however, under the budget circumstances he could not support it. He discussed whether the state was taxing too much and stated that the high bracket only included a 9 percent tax on taxable income over \$2,000; below \$2,000 was bracketed. He wished he could support the bill, but pointed to items that needed funding including infrastructure, schools, slowing down the depletion of the state's savings (until it was known whether current oil tax legislation was working - if implemented), funding a gasline, energy projects, university buildings, and other. He pointed to two \$100 million university buildings currently in need of funding and surmised that there would be more \$100 million buildings needing funding in the future. He did not believe the state could afford the legislation. He opined that there were other ways to reduce taxes in a less costly way, such as time limited taxes for new businesses, and eliminating "nuisance" taxes at the low end. Representative Gara WITHDREW his OBJECTION.

There being NO further OBJECTION, HCS SB 7 was REPORTED out of committee with a "do pass" recommendation and with one new fiscal note from Department of Revenue and one new zero note from Department of Commerce, Community and Economic Development.

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AT EASE

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RECONVENED

Vice-Chair Neuman took over as Chair.

#sb95

CS FOR SENATE BILL NO. 95(FIN)

"An Act relating to the compensation, allowances, geographic differentials in pay, and leave of certain

public officials, officers, and employees not covered by collective bargaining agreements; relating to the compensation and geographic differentials in pay of certain justices and judges; relating to certain petroleum engineers and petroleum geologists employed by the Department of Natural Resources; relating to increased pay for certain partially exempt employees of the state in specific circumstances; making conforming amendments; and providing for an effective date."

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Representative Costello MOVED to ADOPT the proposed committee substitute for CSSB 95, Work Draft 28-GS1101\C, (Wayne, 4/11/13).

Vice-Chair Neuman OBJECTED for discussion.

DANIEL GEORGE, STAFF, REPRESENTATIVE BILL STOLTZE discussed that the CS included five changes. He pointed to page 2, lines 24 through 25 where language clarified who would be subject to the leave accrual portions of the legislation. He noted that previously the section had referred to "officers and employees of the state employed before July 1, 2013, are entitled to personal leave with pay that accrues as follows..." The language had been changed to read "Officers and employees of the state who are first employed before July 1, 2013, in a position for which leave may accrue are entitled to personal leave with pay that accrues as follows..." He noted that the same change had been made to page 3, lines 5 through 6.

Mr. George pointed to the next change on page 4, line 12 where the word "and" had replaced the word "or" at the end of the sentence ["(1) be exempt from the limitation under (b) of this section; and..."]. He directed attention to page 4, lines 15 through 21 where paragraph (e) had been inserted.

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Mr. George reiterated the change on page 4, line 12, where the word "or" had been replaced with the word "and" at the end of the sentence. He pointed to the next change on page 4, lines 15 through 21 where a paragraph (e) had been inserted. A drafting error had been corrected on page 12,

line 18, where the language "sec. 15" replaced "sec. 16" to maintain consistency throughout the paragraph.

Representative Holmes asked about page 4, lines 15-21.

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CURTIS THAYER, DEPUTY COMMISSIONER, DEPARTMENT OF ADMINISTRATION, pointed to various staff available for questions. He mentioned that HB 195 was a similar bill. The bill established the consistency for cost of living allowances for non-covered employees of 1 percent, 1 percent, and 2.5 percent for the next 3 years respectfully. He detailed that the increases had recently been bargained with the public employee unions. The bill also reduced leave accrual for new hires; current employees were grandfathered into the previous accrual rate. Additionally, a leave cap of 1,000 hours was created for the first time; hours that were currently earned and were over 1,000 hours were protected. The bill decreased the percentage between pay increments for exempt and partially exempt employees from 3.75 percent to 3.25 percent every 2 years.

Mr. Thayer continued to discuss the legislation; it would allow the state to enhance its ability to recruit and retain skilled professionals in highly complex and specialized positions such as the Department of Natural Resources manager position for the Division of Geological and Geophysical surveys (the position had been vacant for more than 1 year). The bill would also implement geographic pay differentials; he noted that the CS included justices and judges.

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Representative Munoz asked if the bill applied area cost differentials to exempt and non-exempt employees for the first time. If not, she wondered when the practice had been implemented.

NICKI NEAL, DIRECTOR, DIVISION OF PERSONNEL, DEPARTMENT OF ADMINISTRATION, replied that it was not the first time that the geographic differential was applied to exempt employees. She believed the statutory provision had been adopted in 1966; the provision specifically applied to partially exempt and non-covered classified employees. She could not say whether the provision had first been applied

to exempt employees upon its implementation in 1966. She detailed that a number of years ago, the provision had begun to apply to exempt employees who were paid off of the statutory salary schedule.

Representative Munoz asked for comment on a McDowell Group study and any impact it had on the cost differential calculations.

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Ms. Neal replied that the McDowell Group had recommended the establishment of geographic differential pools. There were five pools (including a base pool) and locations had been grouped based on survey results. She relayed that differences between surveys were not statistically significant. For example, one pool including ranges above base of 5 percent to 17 percent may have been grouped with a geographic differential of 11 percent. She restated that a statistically significant difference between the pools did not exist.

Vice-Chair Neuman asked the department to comment on other changes in the CS.

Ms. Neal communicated that Sections 1 through 3 had been added in the Senate CS. The sections provided geographic differential to judges and justices on \$100,000 of their base salary; the current geographic differential was applied to \$40,000. She shared that the proposed differential was consistent with rates established in Section 15 of the bill. Sections 4 and 5 had been amended to clarify that leave accrual rates were determined based on an employee's first date of hire as opposed to the employee's most recent appointment date. An editing error on page 4, line 12 had been corrected and the word "or" had been replaced with the word "and" at the end of the sentence.

Ms. Neal continued to address changes in the CS. A subsection (e) had been added to the bill on page 4 [lines 15 through 21]. She relayed that the wording of the section was consistent with wording in Section 6 that addressed what would occur if 15 days of personal leave was not used during a 12-month period. She elaborated that the leave would be canceled without pay unless an agency head certified in writing that the employee was denied the

opportunity to take the leave. Section 20 had been amended in the Senate CS to define public officers as heads of principle departments of the executive branch and permanent and temporary employees in the executive branch (not including the governor and lieutenant governor). She continued that Section 16 had been incorrectly referenced in Section 24, page 12, line 18 and had been corrected to read "sec. 15."

Vice-Chair Neuman WITHDREW his OBJECTION. There being NO further OBJECTION, Work Draft 28-GS1101\C was ADOPTED.

Representative Costello asked the department to comment on the problem the bill attempted to solve related to leave. She wondered if the bill would prevent a person from saving leave to use at a future date for something like an extended vacation.

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Mr. Thayer replied the bill would require a person who had over 400 hours of leave to use 112.5 hours of leave. The department had bargained with unions that one week of the 112.5 total could be cashed out. He added that employees could choose to cash out all but one week of leave.

Mr. Thayer addressed the leave issue as a whole. He explained that the absence of a cap on leave had been brought to the forefront during the department's negotiations with unions. He noted that a cap that had existed on sick leave had been removed. He conveyed that the state currently had an unfunded leave liability of \$164 million. One of the bargaining goals was to address the issue by slowing down the accrual for new employees after July 1, 2013; the change applied to the three bargaining units and the legislation would extend the change to non-covered employees. The bill placed a cap of 1,000 hours on accumulated leave (the cap had also been bargained with the unions; the Classified Employees Association union had a cap of 825 hours). He furthered that there were 10 employees that made up 35,000 hours of leave that was valued at \$1.6 million. He stated that the value of leave over \$1,000 was \$1.2 million. Under the legislation, the liability of the future 10 employees in outlying years would be \$400,000 instead of \$1.6 million.

Mr. Thayer continued that the mandatory usage of leave had been increased under the legislation. The existing usage requirement was one-week of leave per year; the requirement had been increased to two weeks of leave for employees with below 400 hours of leave; employees with over 400 hours of leave would be required to take three weeks of leave with the ability to cash in one of the three weeks. He explained that a person with 400 hours of leave was accumulating 270 hours, but they would only be required to use 112 hours. He listed items used by the bill to address the \$164 million leave liability including the leave cap, new accrual ratings, and increasing the mandatory leave usage. He added that the current liability would not increase because the department was actively working to reduce the amount to a manageable level.

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Representative Gara pointed to page 4, line 8. He addressed emergency situations that would enable an employee to use more than 1,000 hours of leave. He thought the exception would be permissible in situations beyond an employee who was denied the opportunity to use leave. He wondered what happened if a single mom with four children developed a serious medical condition and needed the leave in order to receive treatment. He asked if the hypothetical situation would be covered under the bill.

Mr. Thayer replied that 1,000 hours of leave was worth approximately 6 months. He communicated that union members had access to emergency leave that would provide up to one month of health care. He relayed that non-covered employees would have to rely on leave donated by colleagues.

Representative Gara asked if the department saw a problem with the limit. Mr. Thayer replied in the negative.

Representative Gara believed there was a problem. He elaborated that a union employee would receive health care, but no pay for an additional month; and a mother with cancer needing extensive treatment could not use accrued leave she had earned and worked for to help her through the circumstance.

Mr. Thayer stated that 1,000 hours would be available to the employee for use.

Representative Gara relayed that medical conditions could last beyond 6 months in some circumstances.

Vice-Chair Neuman observed that a Department of Law employee was available for questions as well.

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Ms. Neal clarified that an employee could accrue up to 1,000 hours and could use any of the leave they accrued. She restated the potential medical situation as described by Representative Gara and noted that employees of all bargaining units and non-covered employees could receive donated leave from coworkers. She expounded that an employee would be paid for any donated leave received; health insurance would continue for the any particular month when an employee was in paid-leave status at the first of the month. She specified that unions had additional leave programs such as an emergency leave bank that employees could contribute to and a catastrophic leave bank; supervisors and confidential units had catastrophic leave as well. She relayed that a generous amount of leave was available. She added that employees were typically generous with leave donation when a coworker had a medical situation.

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Representative Gara asked for a description of the catastrophic leave bank.

Ms. Neal replied that the catastrophic leave bank was available to several unions and possibly more. She explained that provisions differed by agreement; however, the bank was most commonly filled by employees who separated from the state with an excess leave balance. She discussed that years back there had been a distinction between annual and sick leave; when the conversion took place many employees ended up with excess sick leave because only a portion had been converted to personal leave. The excess sick leave was available to an employee when they had a significant medical condition. The balance canceled when an employee terminates state service; all or a portion of the units were placed into the catastrophic leave bank. The bank was then available for union members to maintain pay status typically for health insurance purposes. She stated that most commonly the bank provided

enough leave to keep an employee in pay status the first couple of days of the month to ensure their health insurance is paid.

Representative Gara asked whether anyone was contributing to the catastrophic leave banks currently.

Ms. Neal answered that some units had a substantial balance. She shared that there were still employees with excess sick leave balances. She stated that the balance would likely be exhausted in many years; however, a balance currently existed that employees continued to contribute to.

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Representative Kawasaki asked how much leave existed in the catastrophic and other union funds. He wanted to ensure that protection existed for future years. Ms. Neal responded that the department maintained and had access to the accounts. She would follow up with the balances.

Representative Kawasaki referred to an amendment related to the geographic pay differentials he had planned to offer to a similar bill (HB 195); he did not plan to offer the amendment to SB 95. He understood that there had been controversy when the first differentials had been adopted. He did not have reason to disagree with the McDowell Group study, but he observed that for differential pay Fairbanks was a 3 and Anchorage was a zero. He listed other communities that were listed as zeros (Delta, Denali, Cantwell) and guessed that the locations were on the road system and would be more expensive. He wondered how frequently the survey was conducted.

Mr. Thayer replied that a survey was supposed to be done every five years; the most recent study had been completed in 2009. The department would ask for an allocation from the legislature in FY 15 for an updated study.

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Representative Kawasaki looked at language in Section 16 of the bill noted that the geographic pay differential survey was subject to appropriation, which was always the case. He wanted to ensure that the division would conduct the survey. He was interested to know whether the survey

results and pay rates across the state were changing. He believed the department should have the information. He noted that the survey was not a given because the legislation specified that it would be done subject to appropriation. He wanted the department to regularly ask for money to fund the survey.

Ms. Thayer understood Representative Kawasaki's intent and ensured that the department would make the funding request at the five-year mark.

Representative Edgmon pointed to pages 6 and 7 of the bill and stressed that the geographic differential numbers between communities did not make sense. He looked at various communities: Fairbanks was a 3, nearby Delta Junction was a zero, Dillingham was a 37, nearby King Salmon was a 50, Bethel was at 50, Nome was a 37. He emphasized that the numbers were all over the map. He wondered what could take place to bring the numbers into alignment.

Mr. Thayer relayed that the department had emailed responses to committee members' questions on April 11, 2013. He replied that the Bethel differential was higher than those for Dillingham and Nome because the 2009 McDowell Group study assigned cost differentials to various locations throughout the state based on a household consumption survey and a retail price survey. He furthered that below the differentials assigned to the locations Bethel had been a 1.53, Dillingham was a 1.37, and Nome was at 1.39. The study had also recommended that the state define geographic differential pay pools in the various communities. He elaborated that based on the recommendations Bethel had been placed at 50 percent; whereas Dillingham and Nome had been placed at 37 percent. He furthered that the household consumption and retail price surveys had looked at utilities, cost of fuel, transportation costs, and home prices. He explained that in some of the rural areas such as Glennallen and Tok many residents did not have mortgages, which was factored into the study as a low cost of living in the areas compared to Fairbanks or Anchorage with home values of \$300,000 or \$400,000. He noted that the McDowell Group could discuss the survey with members.

Representative Edgmon did not want to belabor the point, but restated that the numbers in the survey were disparate.

Vice-Chair Neuman had heard similar comments from other committee members.

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Representative Thompson wondered why Valdez and Cordova were at 11 and Yakutat was at zero. He looked at page 7 of the bill and noted that Deadhorse was listed as 50 percent. He relayed that state employees traveled to the community to keep snow cleared at the airport; he wondered if the employees were living in state housing and whether they received a 50 percent differential or per diem. He asked about the Coldfoot community as well.

Ms. Neal answered that if Deadhorse was an employee's duty station they would receive the [50 percent] differential; however, if their duty station was in Fairbanks the employee would receive the Fairbanks differential and per diem.

Representative Thompson asked for verification that an employee based in Fairbanks traveling to Deadhorse for 3 weeks of work would be paid the Fairbanks differential and per diem.

Ms. Neal replied in the affirmative.

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Representative Wilson asked about the household consumption survey. She wondered if the survey looked at the price of housing or if a person had a mortgage.

Mr. Thayer replied that the study had looked at both items. He noted that phone interviews had been conducted with employees to help with the study.

Representative Wilson asked how much the studies cost. Mr. Thayer replied that the survey cost approximately \$500,000.

Representative Wilson wondered how many employees were contacted for the study. Ms. Neal replied that the study results indicated how many employees were contacted in each location. She could follow up with the data and informed members that the study was available on the department's website.

Representative Wilson speculated that the state could conduct a cost of living survey for less than \$500,000. She recalled that communities did not believe the prior study was accurate. She wondered if there would be a better way to conduct the study.

Ms. Neal replied that the study determined the cost of living in an area and included responses from a random sample of community members. The prior study had cost just under \$400,000 and the department estimated the following study would be around \$500,000, but that it would not exceed the amount.

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Representative Wilson asked if a Request for Proposal was submitted for the survey. Ms. Neal answered in the affirmative.

Vice-Chair Neuman asked Representative Holmes to look at the cost of the surveys to see if there were ways to reduce the number.

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Representative Gara had seen numbers changed in the past based on personal experience and knowledge of committee members. He surmised that Representative Thompson, Representative Edgmon, or other committee members may be able to point out illogical geographical pay differentials and to modify the numbers until more accurate data was available.

Representative Gara pointed to page 4, lines 6 through 8. He asked for verification that a state employee could use more than 1,000 hours of leave if they had been denied the opportunity to use it.

Ms. Neal replied that the provision would enable an employee to accumulate more than 1,000 hours of leave if they were denied the opportunity to use it during that year. She noted that the ability was subject to the adoption of regulations by the personnel board. She added that providing the ability was the department's intent.

Representative Gara wondered if the department was keeping track of leave hours that employees were not able to use.

Ms. Neal replied that an employee would be required to keep their leave balance at 1,000 hours or below at the end of the leave year. Employees had the ability to use leave or to cash it in to keep the level at 1,000 hours. The department did not allow employees to accumulate more than 1,000 hours of leave.

Representative Gara queried how the department would grant more than 1,000 hours to people who had been denied the opportunity to use leave. Ms. Neal replied that DOA notified employees and supervisors prior to the end of a leave year that the employee would exceed the maximum allowable limit at the end of the year. She detailed that the employee had the option of scheduling the leave with the supervisor's approval or cashing it out to keep the number of hours at or below 1,000.

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Representative Gara asked for verification that the department allowed employees who were denied the opportunity to use the leave to exceed the 1,000 limit.

Ms. Neal responded in the affirmative. She elaborated that regulations would allow the department head to certify that an employee had been denied the opportunity to use the leave, which would enable their leave balance to accrue beyond the 1,000 hour limit.

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Representative Thompson asked whether money had been set aside to fund the leave balance or if it was unfunded.

Ms. Neal replied that the state had a reserve account. The balance was sufficient to pay the leave for the next year, but it was not sufficient to pay out all of the existing leave.

Representative Thompson shared that when he had been mayor [City of Fairbanks] the city had 200 employees and a \$700,000 unfunded leave balance. He expounded that the city had eventually set the money aside and had begun funding unused leave on an annual basis. He asked for verification

that the state had a leave balance set aside to help offset the problem.

Ms. Neal answered in the affirmative.

Representative Gara MOVED to ADOPT Amendment 1:

Page 4, line 8:

Insert "leave" after "or for illness confirmed in writing by a physician"

Representative Wilson OBJECTED.

Representative Gara spoke to the amendment. He explained that there were rare circumstances in which a person knew they would need to take time off due to illness. He believed that a person was entitled to leave earned above 1,000 hours if an illness required them to take time off. He understood the state's goal with the cap, but stressed that an exception should exist in cases of serious illness. He detailed that the extra 40 to 80 or more hours would make a difference to individuals. He cited various financial responsibilities a person may have such as caring for children, paying for school, and other. He opined that an exception for medical leave was of equal importance to the one allowable exception that enabled employees who were not permitted to use leave to accumulate over 1,000 per year. He stated that under the circumstance employees should be granted access to leave earned; he considered it a work ethic reward.

Representative Thompson asked how the amendment would read in the bill.

Representative Gara pointed to page 4, line 7 and stated that the amendment would modify the bill to read "...because the officer or employee was denied the opportunity to use personal leave or for illness confirmed in writing by a physician."

Representative Thompson pointed to the drafted amendment and observed that it would insert the word "leave" [after "or for illness confirmed in writing by a physician"].

Representative Gara MOVED to AMEND Amendment 1 to read:

Page 4, line 8

Insert after "leave" "or for illness confirmed in writing by a physician"

Representative Holmes OBJECTED for discussion.

Vice-Chair Neuman asked Representative Gara to clarify how the amendment would read in the bill.

Representative Gara replied that with the proposed amendment the bill would read "...because the officer or employee was denied the opportunity to use personal leave or for illness confirmed in writing by a physician."

Representative Holmes asked for the administration to comment on the amendment. She did not believe the language in Amendment 1 would accomplish the sponsor's intent. She detailed that the bill section related to how much leave a person could accumulate; whereas, the sponsor had discussed the amendment in the context of how much leave a person could use. She understood that the legislation would allow an employee to accumulate 1,000 hours of leave; a person who became ill could use all 1,000 hours, but would not be accumulating additional hours.

Vice-Chair Neuman clarified that the amendment to Amendment 1 was before the committee.

Representative Holmes WITHDREW her OBJECTION. There being NO further OBJECTION, Amendment 1 was AMENDED.

Vice-Chair Neuman restated the amendment as amended.

Representative Gara affirmed.

Representative Munoz asked if the amendment would allow for a continual accumulation of hours over the 1,000 hour limit.

Ms. Neal replied in the affirmative. She clarified that an employee's leave balance would reduce if they became ill and began to use their leave. As long as the employee remained in paid-leave status they would continue to accrue leave. She furthered that when an employee was on leave full-time they would use leave faster than they accrued it; therefore, they would fall below the 1,000 hours and would

not reach a point where they would accumulate beyond 1,000 hours.

Vice-Chair Neuman pointed to language on page 4, line 4 stating that the personnel board may adopt regulations. He wondered if the provision allowed the board to adopt regulations that would cover the amendment.

Ms. Neal answered in the affirmative.

[3:19:42 PM](#)

Representative Thompson pointed to a situation in which a person may realize they would need major surgery 5 or 6 months in the future that would require recovery time. He asked for verification that the amendment would allow the person to accumulate more than 1,000 hours to ensure they had sufficient leave time accrued for recovery.

Ms. Neal affirmed.

Representative Costello stated that the intent of Amendment 1 was to allow a person to accrue and use more leave. She observed that under the system a person could not accrue more than 1,000 hours of leave while they were in paid-leave status. She believed the amendment could also address a situation where a person knew they would need to take leave in the future to deal with a medical issue. She detailed that if the person accrued more than 1,000 hours and had a letter from a doctor they would be allowed to use the total hours of leave earned.

Ms. Neal replied that the tracking of the issue might prove challenging.

Representative Costello countered that under the current bill the department would track individuals accruing more than 1,000 hours who had not been permitted to take leave. She wondered why there would be a difference in the ability to track one circumstance and not another.

Ms. Neal agreed that tracking would be available for conditions under the amendment [if adopted].

Vice-Chair Neuman added that the amendment would allow the personnel board to adopt regulations to deal with the issues.

3:23:12 PM

Representative Kawasaki pointed to a circumstance in which a person had saved up leave in anticipation of double knee replacement surgery. He believed individuals were planning ahead for major medical needs more frequently. He wondered if a person could take leave if another person in their family was ill.

Ms. Neal replied in the affirmative; a person could take leave to care for a family member. She pointed to the existence of federal and state family leave acts.

Representative Kawasaki spoke in support of the amendment. He discussed that the Fairbanks Memorial Hospital had a leave bank and a maximum leave cap of 650 hours; however, the hospital also had the ability to surpass the limit for items such as adult care. He provided an example of a husband and wife sharing duties to care for elder family members. He believed the circumstances were arising more and more frequently.

Representative Gara asked for verification that a person could use leave if they accrued it. Another committee member or an administration representative replied in the affirmative [inaudible].

Representative Wilson wondered if the department was in favor of the amendment. She stated that the issue represented a policy call and related to how much liability the state would have. She believed 1,000 hours of leave was substantial. She read the proposed amendment: "for illness confirmed in writing by a physician." She stressed that there were a multitude of illnesses, some of which would have a minor impact; however, the minor illnesses could also be brought to a supervisor for increased leave approval under the amendment. She surmised that the intent of the existing exception that would allow an employee to exceed 1,000 hours of leave was related to specific situations where specialists with unique expertise could not take time off. She opined that the current language would not create a significant amount of tracking for the department, but that the amendment could increase that number substantially and may require DOA to employ a person to provide the tracking function. She believed the

amendment was counterproductive to the goal of reducing the state's liability.

[3:26:54 PM](#)

Mr. Thayer noted that the department had not previously discussed the amendment. He reminded the committee that the bill only applied to 1,300 non-covered executive branch employees (such as employees of the Department of Law). He shared the concern that non-life threatening illnesses may be harder to track or defend; the goal was to cap a liability. He stated that there was a compassion that played into the conversation related to life threatening illnesses. He relayed that the unions felt that six months was a generous leave amount; the unions had been granted the 1,000 hour cap and he felt it made sense to provide the same number for non-covered employees.

Representative Wilson voiced her opposition to Amendment 1. She believed the amendment would cause the issue to be brought up for union contracts. She furthered that the idea had come at a late notice and she did not know exactly how it would impact the bill. She opined that if the idea was good that it should be introduced the following legislative session for inclusion in all contracts instead of applying it to a limited number of employees.

[3:28:41 PM](#)

Representative Thompson spoke in support of the amendment. He surmised that if a person knew that they were going to need a double hip replacement or knee replacement that regulations would specify the requirement for confirmation by a physician explaining how many months a person would be out of work. He believed it would be up to the department to outline the criteria. He stressed that a person should be able to save leave hours if they provided a letter from a physician.

Vice-Chair Neuman stated that the personnel board was able to adopt regulations. He remarked that there were many unknowns related to the issue.

Representative Holmes communicated that she was "on the fence" regarding the amendment. She believed the amendment would not help people plan far enough ahead for illnesses such as cancer, but that it would help people planning for

surgery. She discussed that the amendment would provide more generous terms to exempt and partially exempt employees than to union employees.

[3:30:43 PM](#)

Representative Costello wondered whether the amendment was too vague or if the department could use the committee's intent as a guideline for the adoption of regulations.

Mr. Thayer replied that the committee's testimony could be gathered to help formulate regulations. He understood the intent and saw a need for a similar amendment; however, he was concerned about who would determine whether an employee needed extra leave hours. He stressed that the state did not want to get into situations in which an employee had a significant amount of leave that they could cash out at any time. He furthered that if leave accrual above 1,000 hours was allowed it would necessary to define that it was for a medical reason, when it would occur, and how long it would take. He stated that the amendment alone would not allow the department to accomplish the definition. He pointed to a situation where an employee could amass many hours of leave, decide not to have surgery, and then cash the leave out at retirement.

[3:32:28 PM](#)

Vice-Chair Neuman wondered if the amendment would allow personnel to adopt regulations that would address the concerns.

Representative Costello was aware of the growing liability to the state. She noted that the amendment was intended to address circumstances in which a person needed extra leave for use at a specific time. She pointed to the word "may" on page 4 ["the personnel board may adopt regulations to allow an exemption from the requirements..."] and wondered if it meant the department would not be required to take any action.

Ms. Neal replied that it was the department's intent to adopt regulations, but the language did not require it to do so.

Representative Costello asked for a track record of donated leave hours. She wondered whether there were individuals who received a tremendous amount of donated leave.

Ms. Neal replied in the affirmative. She elaborated that employees were often very sympathetic when their co-workers were sick. She had seen employees receive hundreds of hours and referenced a specific situation in which an employee had received over 1,000 hours of donated leave. She noted that donated leave was not subject to the cap; it went into a separate account and was processed on an as needed (first-in, first-out) basis.

Vice-Chair Neuman asked for verification that a person could not cash out donated time. Ms. Neal answered in the affirmative.

[3:35:12 PM](#)

Representative Munoz stated that the issue of fairness was her priority. She observed that the legislation would apply to higher paid employees and not union employees. She believed the lack of fairness was troubling. She wanted to see the issue become part of future contract negotiations and to find a way to make it fair for all employees.

Representative Gara addressed the comments provided by other members and the administration. He communicated that the personnel board would not need to adopt regulation if the amendment was worded well and did not require further delineation; however, the word "may" enabled the board to put regulation in place if necessary. He discussed that there were many circumstances when people planned for medical events. He pointed to his personal experience planning 6 months ahead for cancer surgery the prior year. He noted that recovery time could be much longer than anticipated. He addressed a concern that a malingerer could sham the state; he emphasized that the state would have the right to fire the employee. He believed adopting the amendment would give unions a better chance at negotiating its expansion to their members. He would like to see union members receive the benefit as well, but it was not possible to amend their contracts at present. He reiterated his support for the amendment.

[3:38:53 PM](#)

Representative Wilson pointed to donated leave banks that could be set up for employees. She believed it made a difference that the amendment could not be applied to all state workers. She surmised that there were items in place that could be used to address the issue. She guessed that unions would have negotiated for more leave if 6 months was not sufficient.

Representative Thompson remarked that depending on someone receiving donated leave could not be relied on. He provided an example and stated that he may choose to donate leave to Representative Wilson but may choose not to donate leave to Representative Gara.

Representative Costello stated that the amendment addressed a valid concern. She relayed that she would vote no at present, but would write a letter asking the department to look at the issue. She felt that the current wording may be problematic and was willing to work with Representative Gara during the interim to correct the issue.

A roll call vote was taken on the motion to adopt Amendment 1.

IN FAVOR: Gara, Kawasaki, Thompson, Neuman
OPPOSED: Wilson, Costello, Holmes, Munoz

The amendment failed (4/4).

[3:42:51 PM](#)

Representative Costello discussed the three previously published fiscal notes. The first note (FN1) was from the Office of the Governor and showed a fiscal impact of \$8,171,900 in FY 14, \$4,821,800 in FY 15, and \$10,664,000 in FY 16 [corrected below]. The second note (FN2) was from the Legislature and indicated a fiscal impact of \$1,281,200 in FY 14, \$410,400 in FY 15, and \$1,039,300 in FY 16. The third note (FN3) was from the Alaska Court System and included a fiscal impact of \$1,088,700 in FY 14, \$749,100 in FY 15, and \$1,890,900 in FY 16.

Representative Holmes clarified that the FY 16 amount in FN1 was \$10,644,000.

Representative Costello affirmed.

3:44:14 PM

Representative Costello MOVED to REPORT HCS CSSB 95(FIN) out of committee with individual recommendations and the accompanying fiscal notes.

Representatives Kawasaki and Gara OBJECTED for discussion.

Representative Kawasaki commented that the last geographic pay differential study had been done in 2008 and was outdated; a capital budget appropriation had been made to fund the 2008 study. He noted that the previous study had been done 15 years earlier. He had not offered an amendment that would make sure the director was required to conduct a survey. He believed it was the department's intent to conduct a survey, but he thought members may be more comfortable if the language was in statute. He WITHDREW his OBJECTION.

Representative Gara appreciated the interest that had been expressed in Amendment 1. However, he pointed to page 4, line 7 of the legislation and stated that it was impossible to work out a solution with the department because statute specified that DOA would not be allowed to do what the amendment would do. He detailed that the only people allowed to accumulate over 1,000 hours of leave were employees who were denied the opportunity to use personal leave. He stressed that the change would need to be made in statute.

Vice-Chair Neuman remarked that an amendment could be offered on the House floor.

There being NO further OBJECTION HCS CSSB 95(FIN) was REPORTED out of committee with a "do pass" recommendation and with three previously published fiscal impact notes: FN1(GOV), FN2(LEG), FN3(CRT).

3:47:08 PM

RECESSED

3:54:16 PM

RECONVENED

#sb47

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 47(FIN)

"An Act relating to boarding schools operated by school districts; and providing for an effective date."

3:54:25 PM

DANIEL GEORGE, STAFF, REPRESENTATIVE BILL STOLTZE, discussed the change appearing in a CS to CSSSSB 47(FIN) on page 2, lines 11-15:

- (A) for the Southeast Region (Region I), \$820
[\$410];
- (B) for the Southcentral Region (Region II), \$800
[\$400];
- (C) for the Interior Region (Region III), \$968
[\$484];
- (D) for the Southwest Region (Region IV), \$1,006
[\$503];
- (E) for the Northern Remote Region (Region V), \$1,184
[\$592].

Mr. George relayed that the totals represented a doubling of the prior amount [for a per-pupil monthly stipend (page 2, line 8)]. He noted that a prior version of the bill had included a tripling of the existing amount. He deferred to the bill sponsor for additional information.

RYNNEIVA MOSS, STAFF, SENATOR JOHN COGHILL, communicated that the change in the CS reflected a compromise between the sponsor and Co-Chair Stoltze. The sponsor understood that it was a financially tight year and that it may not be the year to expand boarding schools. She expressed enthusiasm and faith in the boarding school system and relayed the sponsor's belief that it would be an important part of Alaska's educational system. She stated that the sponsor would work over the summer on an educational plan that would include the expansion of the boarding school program, expanding financing options for boarding school facilities, and helping with school maintenance in rural areas. She elaborated that the original bill had multiplied the existing stipend by three; the existing stipend had been placed in statute in 2005. She expounded that the stipend had been increased by two times in 2011. She pointed to a fiscal note that reflected an increase; however, the note was based on the stipend sunseting on July 1, 2013. She explained that the fiscal note showed an

increase that did not really exist if compared to FY 12 and FY 13.

Representative Costello MOVED to ADOPT the proposed committee substitute for CSSSSB 47(FIN), Work Draft, 28-LS0408\E (Mischel, 4/12/13}. There being NO OBJECTION, it was so ordered.

Ms. Moss reiterated that the sponsor had great faith in the boarding school system and was encouraged by inquiries about rural Alaska magnet schools and other opportunities. She pointed to the success rate of children who attended boarding schools. She relayed that the sponsor would like to see an increased opportunity for the children.

Representative Edgmon appreciated the sponsor's work on the bill. He referred to an amendment he had not offered and expressed disappointment that elementary students had not been included in the stipend program; he surmised that the issue would be worked on.

Ms. Moss replied in the affirmative.

Representative Edgmon looked forward to seeing the bill on the House floor.

Vice-Chair Neuman agreed.

Representative Costello discussed the fiscal note from the Department of Education and Early Development in the annual amount of \$1,660,700 in FY 14 through FY 19.

Representative Edgmon MOVED to REPORT HCS CSSSSB 47(FIN) out of committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HCS CSSSSB 47(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new fiscal impact note from the Department of Education and Early Development.

4:01:47 PM
RECESSED

4:02:16 PM
RECONVENED

#sb62

SENATE BILL NO. 62

"An Act relating to grants for school construction."

4:02:29 PM

DAVID SCOTT, STAFF, SENATOR OLSON, stated that SB 62 added five schools for Regional Educational Attendance Area (REAA) grant fund eligibility. The bill defined what a small municipal school district is and allowed the districts to be eligible for REAA funds including Hydaburg, Kake, Klawock, St. Mary's, and Tanana. He added that the locations were all first class cities and were a part of the unorganized borough. He shared that the REAA fund was created in the 26th Legislature [2009-2010] to provide a revenue stream to REAA school districts; it was a funding mechanism that arose from the Kasayulie settlement. He furthered that the fund was capitalized through a formula included on page 1, line 9.

Mr. Scott continued that REAA school districts lacked the ability to bond and could not take advantage of the state's bond reimbursement program (the term 70/30 referred to the program). He relayed that some rural communities had elected to incorporate as first class cities, which required the communities to take on education responsibilities and to lose their REAA school status. He stated that the communities were in "limbo" because they could not use the REAA fund and did not have bonding authority. He communicated that the intent of the bill was to get the schools out of limbo status. He pointed to Section 2 of the legislation and stated that the term "small municipal school district" was defined as a school with an Average Daily Membership (ADM) of less than 300 and with a full value per ADM of no more than \$500,000.

4:06:04 PM

Representative Edgmon expounded on Mr. Scott's testimony and explained that most school districts (the bigger districts) had the ability to access the bond debt reimbursement program. He shared that as a result of the Kasayulie court case, the legislature had created an REAA school construction fund in 2010. The bill would grant five communities eligibility for the REAA school construction fund program, which would simultaneously address a

potential log-jam on school construction capital improvement project list. He furthered that without the ability to bond or to access the REAA construction fund, the communities would not have another funding source outside a legislative capital appropriation. He clarified that the legislature had the ability to fund the school construction and maintenance projects; however, the legislature did not always have the ability to put the needed funds in the budget.

Vice-Chair Neuman commented that small schools were not necessarily 5,500 or less.

Representative Wilson asked if the term "small municipal school district" was used in any other locations in statute. Mr. Scott answered that the bill created and defined the term in Section 2.

[4:09:07 PM](#)

Representative Wilson questioned whether the districts would have the same 70/30 structure as larger districts where the state pays 70 percent and the districts pay 30 percent.

ELIZABETH SWEENEY NUDELMAN, DIRECTOR, SCHOOL FINANCES AND FACILITIES, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, responded that the bill provided a funding source that would fund schools on the construction list in order. She continued that there would be funds available for the districts as they reached the top of the list for REAAs and small municipalities. She furthered that when a school was funded there would be a participating share paid by the district. The participating share had not changed and ranged from 2 percent to 30 percent.

Representative Wilson looked at the definition of a small municipal school district on page 2, lines 1 and 2 of the bill. She asked if the numbers had been selected because anything above the amounts had bonding ability. Mr. Scott replied in the affirmative.

Representative Wilson stated that she had no problem helping with bonding for school districts that did not have that ability. She wanted to be fair to all communities and noted that larger districts paid high property taxes to participate. She was comfortable that the bill would allow

the small communities to make improvements and that they shared in the cost. She voiced support for the definition [for small municipal school district] used in the bill.

Mr. Scott affirmed.

4:12:30 PM

Representative Munoz thought that first class cities had the ability to bond. Mr. Scott replied that being a first class city did not give the automatic ability to bond. He detailed that the five communities did not have sufficient economic capacity to be granted bonds by a municipal bond bank. There were some first class cities in the unorganized borough that could bond.

Representative Munoz understood, but stated that there was no statutory prohibition that would prevent the communities from bonding if they had the capability. Mr. Scott agreed.

4:13:45 PM

DAVE HERBERT, SUPERINTENDENT, ST. MARY'S CITY SCHOOL DISTRICT (via teleconference), spoke in strong support of the legislation. He shared that the school district had originally been part of the Kasayulie case that had been settled in 2011. He explained that the settlement recognized that the method of funding new school construction in Alaska's schools needed to be fair and equitable. He shared that St. Mary's had been excluded in the final settlement negotiations because it was not an REAA school district (St. Mary's is a first class city school district). He explained that being a first class city school district required the city to make a mandatory local contribution to the school district each fiscal year to help offset its operation costs; whereas, REAA schools did not have a mandatory local contribution. He communicated that the district had taken the necessary steps to improve its position on the new school construction list through DEED. He elaborated on the steps the district had taken. He shared that currently the district was the only small municipal school district on the list that the legislation would apply to.

Mr. Herbert furthered that the impact of the bill was minimal to the state, but was greatly important to St. Mary's. He relayed that most municipalities had bonding

capacity and were eligible to receive up to 70 percent reimbursement from the state for new school construction. He detailed that there was only a small group of schools that did not qualify for the bond reimbursement or the REAA fund source. He stressed that the legislation would ensure that new school construction funding sources were truly equitable for all of Alaska's schools. He stated that the district had demonstrated its ability to provide quality education. He urged the committee and the legislature to pass the legislation.

[4:18:32 PM](#)

TOM BEGICH, POLICY DIRECTOR, CITIZENS FOR THE EDUCATIONAL ADVANCEMENT OF ALASKA'S CHILDREN, spoke in support of the legislation. He shared that the organization was responsible for initially bringing the Kasayulie suit forward. He informed the committee that the legislation was the organization's number one priority and the top priority for its REAA members. He stated that the bill made a necessary correction to an error that needed repair.

Representative Wilson asked for verification that the five school districts were the only districts that were not currently covered by a bonding mechanism.

Mr. Begich replied in the affirmative. The group had reviewed the formula before the bill had been introduced to ensure that it would not unfairly penalize schools with the ability to bond. He added that because the bill contained a formula instead of specifying the five school districts it would allow districts to "pop" out of the category if their economic capacity increased.

Representative Edgmon remarked that a significant amount of work had gone into the bill prior to its introduction. He believed the bill was a good compromise and noted its zero fiscal note.

Representative Munoz appreciated the sponsors' who worked on the bill. She asked how the construction fund worked that had resulted from the Kasayulie case.

Mr. Begich answered that the Kasayulie mechanism established in 2010 had been built on a fairly complex formula developed by Senator Lyman Hoffman's office and added to by the House Finance Committee. He elaborated that

the formula looked at the bonding capacity for any given year for schools that were eligible for bond reimbursement and established a referential amount based on the number of schools that was deposited into the REAA fund annually. He stated that the REAA fund had a \$70 million cap. He detailed that the idea was to encourage the spending of the available funds annually in order to rectify what the courts found was a biased process of funding schools in Alaska.

Vice-Chair Neuman CLOSED public testimony.

[4:22:15 PM](#)

Representative Kawasaki asked about a report on school construction and major maintenance. Mr. Scott replied noted that the report was available on the DEED website.

Representative Kawasaki did not see a problem with the bill if its intent was to fix the ability for schools' ability to bond and to provide for funds. He believed a bigger question existed regarding how schools equitably received money for construction. He pointed to a Fairbanks school on the list for major maintenance that continued to move down on the priority list. He believed the overall issue should be addressed by the committee in the future.

Representative Wilson asked how the school priority list for major maintenance worked.

Representative Edgmon replied that the bill was not related to the major maintenance list.

Representative Wilson clarified her interest in the construction list. Ms. Nudelman replied that the list was recalibrated each year; districts could reuse their application for one year.

[4:24:27 PM](#)

Representative Costello addressed the one zero fiscal note from the Department of Education and Early Development.

Representative Edgmon MOVED to REPORT SB 62 out of committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

SB 62 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal note: FN1(EED).

#hb192

HOUSE BILL NO. 192

"An Act relating to the filing date for the final quarterly payment of, and to the assessment of penalties under, the fishery resource landing tax."

HB 192 was SCHEDULED but not HEARD.

#sb18

CS FOR SENATE BILL NO. 18(FIN) am

"An Act making, amending, and repealing appropriations, including capital appropriations, supplemental appropriations, reappropriations, and other appropriations; making appropriations to capitalize funds; and providing for an effective date."

CSSB 18(FIN) am was SCHEDULED but not HEARD.

#

ADJOURNMENT

[4:25:15 PM](#)

The meeting was adjourned at 4:25 p.m.