

SENATE FINANCE COMMITTEE  
March 21, 2014  
9:06 a.m.

9:06:46 AM

CALL TO ORDER

Co-Chair Meyer called the Senate Finance Committee meeting to order at 9:06 a.m.

MEMBERS PRESENT

Senator Pete Kelly, Co-Chair  
Senator Kevin Meyer, Co-Chair  
Senator Anna Fairclough, Vice-Chair  
Senator Click Bishop  
Senator Mike Dunleavy  
Senator Lyman Hoffman  
Senator Donny Olson

MEMBERS ABSENT

Senator Hoffman

ALSO PRESENT

Representative Wes Keller; Senator Fred Dyson; Christine Marasigan, Staff, Senator Kevin Meyer; Nicki Neal, Director, Division of Personnel and Labor Relations; Nancy Sutch, Deputy Director, Department of Administration; Joshua Banks, Staff, Senator Dyson.

PRESENT VIA TELECONFERENCE

Senator Hoffman

SUMMARY

HB 244 ADVISORY COMMISSION ON FEDERAL MGT AREAS

SCSHB 244 (FIN) was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal note: FN 1 (DNR).

SB 182 PUBLIC EMPLOYEE SALARY DIFFERENTIALS

SB 182 was HEARD and HELD in committee for further consideration.

#hb244

HOUSE BILL NO. 244

"An Act extending the termination date of the Citizens' Advisory Commission on Federal Management Areas in Alaska; and providing for an effective date."

9:07:18 AM

Co-Chair Meyer noted that the committee heard the Senate companion bill, SB 109 on February 24, 2014.

REPRESENTATIVE WES KELLER, discussed the legislation extending the sunset date for the Citizens Advisory Commission on Federal Areas (CACFA). He requested a change in the termination date from 2018 to 2021. He pointed out that the executive director for CACFA, Stan Leaphart was available for questions. The change was suggested to avoid potential delays resulting from the election year. He spoke about his process of working with CACFA. He stated that regulations coming before the legislature were often the result of much work from CACFA. He appreciated the committee members' time hearing the bill.

Vice-Chair Fairclough MOVED to ADOPT the proposed committee substitute for HB 244, Work Draft 28-LS1188\U, (Martin 2/27/14). There being NO OBJECTION, it was so ordered. The CS was adopted.

9:11:20 AM

CHRISTINE MARASIGAN, STAFF, SENATOR KEVIN MEYER, discussed the two changes made in the CS. The CS shortened the time to sunset from 2021 to 2018. The second change brought the bill under AS 44.66.010 (a), which allowed an audit at the time of the commission sunset. She stated that the fiscal note would remain unchanged and a funding history was included in members' packets. She stated that CACFA operated from 1980 to 1999, when it was eliminated from the budget. The commission was reestablished in FY 08.

Co-Chair Meyer asked about the rationale for shortening the termination date to 2018.

Ms. Marasigan mentioned an ongoing discussion regarding boards' and commissions' sunset dates and costs. The consensus was that 2021 was too long since the commission had not been audited since 2008 because it did not fall under the audit provision. She deferred to Senator Fairclough for further information as the chair of the Legislative Budget and Audit Committee.

Vice-Chair Fairclough replied that committee discussion about Alaska's commissions revealed that CACFA had not yet been audited. The committee wished to exercise rights regarding state sovereign, but the commission must publically notify Alaskans. The audit would allow the determination that CACFA was living up to the state's expectations for public process.

[9:14:46 AM](#)

Senator Olson asked Vice-Chair Fairclough about elections. He wondered about the sponsor's intent regarding the avoidance of termination during an election year.

Vice-Chair Fairclough replied that reauthorization could happen any time. She stated that she would accept a termination date of 2017 or 2019. The board had come and gone without public oversight.

Senator Olson asked about the 2021 option.

Vice-Chair Fairclough replied that 2021 was five years out, which was a long extension for a board that had yet to be audited.

[9:16:28 AM](#)

Co-Chair Meyer asked the sponsor for a response.

Representative Keller replied that every word was recorded during CACFA meetings. He mentioned a recent federal overreach summit in which recordings of the meetings were available to the public online under the CACFA site on the Department of Natural Resources portion of the state website. He stated that CACFA welcomed an audit. He

stressed that he was not requesting an extension to 2021 to avoid an audit. The reasons were related to potential delays from an election year. He spoke about times of public participation that were noticed appropriately and attended by concerned citizens with recorded comments. The intent of the commission was for proper notice.

9:18:18 AM

Co-Chair Meyer stated that a compromise could be reached. He OPENED public testimony.

Co-Chair Meyer CLOSED public testimony. He noted that the fiscal note was unchanged.

Senator Olson asked about opposition to the bill, the commission or the extension date.

Representative Keller was not aware of an oppositional response.

Vice-Chair Fairclough pointed out that bylaws and meeting notices were not listed on the website. She elaborated that she was not targeting the commission, but instead addressing the structure of all state boards similarly and fairly. She wished for the general public to access the information to help advocate for the state's rights.

9:21:11 AM

Representative Keller replied that the commission operated with the highest intent. He appreciated the value of an audit and welcomed one.

9:21:51 AM

AT EASE

9:24:53 AM

RECONVENED

Vice-Chair Fairclough MOVED to ADOPT a conceptual amendment on line 6 of SCSHB 244 (FIN) to extend the reauthorization date to 2021. There being NO OBJECTION, it was so ordered. The conceptual amendment was ADOPTED.

Vice-Chair Fairclough explained that the committee issue was with the auditing provision.

Representative Keller shared the desire for audit of all state boards and commissions. He stated that he would personally request an audit of CACFA.

Vice-chair Fairclough clarified that the results of the audit would become available in the 2016 legislative session.

Vice-Chair Fairclough MOVED to REPORT SCSHB 244 (FIN) out of committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

SCSHB 244 (FIN) was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal note: FN 1 (DNR).

#sb182

SENATE BILL NO. 182

"An Act relating to salary differences in collective bargaining agreements subject to the Public Employment Relations Act that are based on a difference in the cost of living outside the state and the cost of living in the state; and providing for an effective date."

9:27:50 AM

Vice-chair Fairclough MOVED to ADOPT the proposed committee substitute for SB 182, Work Draft 28-LS1432\0 (Wayne, 3/19/14). There being NO OBJECTION, it was so ordered.

Ms. Marasigan explained the two changes made in the CS. She noted the first change found on page 2; section 3 where additional language was included under "transition, salary differences and collective bargaining agreements." The change allowed a person eligible on June 30, 2014 to receive a cost-of-living differential under AS 23.40.210 that shall remain eligible on and after July 1, 2014. She noted that the second change included a new effective date of July 1, 2014.

Co-Chair Meyer understood that the changes in the bill would only affect new employees.

Ms. Marasigan concurred. She stated that additional testimony was available from the Department of Administration.

Co-Chair Meyer asked the sponsor for comments about the CS.

SENATOR FRED DYSON (via teleconference), commented that the bill caused angst for employees of the Alaska Marine Highway System. The perception was the employees would lose a significant portion of their salary benefit package. He hoped that the CS would lessen the anxiety for the existing employees. He opined that the changes resulted in an improvement in the legislation for existing employees.

[9:31:03 AM](#)

Senator Olson asked about the fiscal impact of the changes made in the bill.

Senator Dyson stated that he did not have an updated fiscal note for the CS. He stated that the administration brought the problem to the attention of his office. He mentioned an anomaly in the state law; three bargaining units had established the Cost of Living Differential (COLD) in statutes based on the difference in the cost of living of Alaska to Seattle. The administration pointed out that the differential was obsolete and the intention was for all Alaskan bargaining units utilized the same differential. He mentioned anomalies that were unjustified by the differences in the cost of living leading to greater state expense. He noted that bargaining with renewable contracts were in process.

Senator Dyson acknowledged that employees were concerned with the loss. He expressed confidence that the administration would provide a competitive salary/wage benefit package. He discussed various measures of good management. He believed that North America realized great competition for employment in the maritime industry. He discussed the large amount of freight moving by sea to Alaska. He noted that the current statute was obsolete and differed greatly from other bargaining units.

[9:35:20 AM](#)

Senator Olson requested an example of an antiquated statute. He assumed that COLD displayed that living in Alaska was more expensive than Seattle.

Senator Dyson concurred. He noted that using Seattle as a base was no longer valid.

Senator Olson asked for an example of an antiquated statute.

Senator Dyson replied that the bill addressed the law in statute on the basis for the regional COLD.

[9:36:37 AM](#)

NICKI NEAL, DIRECTOR, DIVISION OF PERSONNEL AND LABOR RELATIONS introduced herself to the committee.

NANCY SUTCH, DEPUTY DIRECTOR, DIVISION OF PERSONNEL AND LABOR RELATIONS, DEPARTMENT OF ADMINISTRATION introduced herself to the committee.

Ms. Neal replied to Senator Olson's questions regarding a comparison between Seattle and Alaska. She mentioned the most recent geographic differential study in 2008 that determined no significant difference between Anchorage and Seattle.

[9:37:57 AM](#)

Vice-Chair Fairclough asked about a presentation about the benefit package to compare different mechanisms of the proposed contracts.

Ms. Neal replied that she was happy to provide a presentation if requested by the committee.

Vice-Chair Fairclough revealed that the CS would garner less opposition if greater explanations occurred. She recalled recent presentations used to educate the committee and public. She requested further details for the contracts and how they compare to other state collective bargaining contracts. She believed that the committee was responsible for reviewing all payrolls to better understand statewide collective bargaining agreements and obligations.

[9:39:50 AM](#)

Ms. Neal offered to provide presentations for the committee.

Co-Chair Meyer believed that the concerning aspects of the bill were altered with the most recent CS.

Senator Olson asked about the reason for the initial statute.

Ms. Neal replied that language in the current statutory provision spoke to creating the differential between Seattle and Alaska. At the time of the statute's creation, the cost of living between Seattle and Alaska was significantly different.

Senator Olson asked how many employees of the Alaska Marine Highway System lived in Anchorage.

Ms. Neal replied that she was unable to give exact figures.

[9:41:16 AM](#)

Senator Olson asked where most Alaska Marine Highway employees lived.

Ms. Neal replied that approximately 29 percent of members of the Marine Engineer Beneficial Association lived out of state, while 71 percent lived in state. In the Masters Mates and Pilots Union, approximately 23 percent lived out of state, while 77 resided in state. In the Inland Boatmen's Union, 91 percent of the members lived in Alaska, while 9 percent lived out of state.

Senator Dunleavy asked if the fiscal note would be adjusted with the CS.

Co-Chair Meyer stated that a new fiscal note would reflect the CS.

[9:42:48 AM](#)

Senator Bishop discussed the art of collective bargaining. He understood that the administration was undergoing negotiations.

Ms. Neal concurred that the administration was negotiating with all three bargaining units.

Senator Bishop observed that the bill might stress the good faith efforts made in the negotiation process.

Co-Chair Meyer asked how the negotiations were proceeding.

Ms. Neal discussed proposals made to each union including grandfathering in current employees. She stated that agreements had not yet been reached. She appreciated Senator Bishop's observations.

[9:44:43 AM](#)

Senator Dyson addressed the question about the state having a law in process that changed the rules. He mentioned that a lawyer from Department of Law specialized in labor law spoke about federal employment laws. He recalled that there was no problem with the state changing statutes in the midst of negotiations. He recalled that contract dates would be completed in negotiations before the law was in effect. The law in place when the contracts were signed was most applicable. He discussed the question of COLD in state statute as a fair method of establishing the geographical cost-of-living differentials.

JOSHUA BANKS, STAFF, SENATOR DYSON, stated that an opinion letter from the Department of Law civil division was provided in members' packets. He stated that the assistant attorney general provided a letter. He offered to provide additional copies.

[9:47:36 AM](#)

AT EASE

[9:49:23 AM](#)

RECONVENED

Co-Chair Meyer apologized that public testimony would be rescheduled for next week. He explained that committee members had been called to the Senate Floor. He wished to continue public testimony for SB 182 on Monday of the following week. He hoped that committee member concerns were addressed in the CS.

SB 182 was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

9:52:22 AM

The meeting was adjourned at 9:52 a.m.