

29TH ALASKA STATE LEGISLATURE
SECOND SESSION
CONFERENCE COMMITTEE ON HB 256 and HB 257
April 22, 2016
9:07 a.m.

9:07:34 AM

CALL TO ORDER

Chair Kelly called the Conference Committee meeting on HB 256 and HB 257 to order at 9:07 a.m.

MEMBERS PRESENT:

Senate:

Senator Pete Kelly, Chair

Senator Anna MacKinnon

Senator Lyman Hoffman

House:

Representative Mark Neuman, Vice-Chair

Representative Steve Thompson

Representative Les Gara

MEMBERS ABSENT

None

ALSO PRESENT:

David Teal, Director, Legislative Finance Division; fiscal analysts with the Office of Management and Budget and Legislative Finance Division; and aides to committee members and other members of the Legislature.

SUMMARY

HB 256 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 256 was HEARD and HELD in committee for further consideration.

HB 257 APPROP: MENTAL HEALTH BUDGET

HB 257 was HEARD and HELD in committee for further consideration.

DEPARTMENTS:

DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC
DEVELOPMENT EDUCATION AND EARLY DEVELOPMENT
DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
DEPARTMENT OF LAW
DEPARTMENT OF NATURAL RESOURCES
DEPARTMENT OF PUBLIC SAFETY
DEPARTMENT OF REVENUE
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
UNIVERSITY OF ALASKA
FUND CAPITALIZATION
FUND TRANSFERS
LANGUAGE
MENTAL HEALTH CAPITAL PROJECTS
STATEWIDE SALARY ADJUSTMENTS

#HB256

#HB257

CS FOR HOUSE BILL NO. 256(FIN)

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; repealing appropriations; making supplemental appropriations; and providing for an effective date."

SENATE CS FOR CS FOR HOUSE BILL NO. 256(FIN)

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; repealing appropriations; making supplemental appropriations; and providing for an effective date."

and

CS FOR HOUSE BILL NO. 257(FIN)

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; making

supplemental appropriations; and providing for an effective date."

SENATE CS FOR CS FOR HOUSE BILL NO. 257(FIN)

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date."

[9:08:51 AM](#)

Chair Kelly communicated that the conference committee would be meeting on HB 256 and HB 257 open items. He noted that Limited Powers of Free Conference had been granted by both the Senate and the House. Departments with open items would be taken up based on the motion sheets distributed to members earlier in the day and dated April 22, 2016.

DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT

Vice-Chair Neuman MOVED to ADOPT the Chair's recommendation on the following items for the Department of Commerce, Community and Economic Development budget:

Item 2	Hold
Item 3	Hold
Item 6	House
Item 7	Hold
Item 8	Hold
Item 9	Hold

There being NO OBJECTION, it was so ordered. Items 2, 3, 7, 8 and 9 remained open for the Department of Commerce, Community and Economic Development's budget.

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT

Vice-Chair Neuman MOVED to rescind the previous motion in adopting Item 7.

Representative Gara OBJECTED for DISCUSSION. He remarked that the budgeting process involved examining the previous year's UGF compared to the current year's UGF. He stated that many of the current items accessed DGF, therefore there needed to be cuts to match the previous year. He

explained that it was better to maintain the use of UGF, in order to adequately compare year to year.

Representative Gara WITHDREW the OBJECTION.

Chair Kelly remarked that most of the budget used UGF.

Representative Gara clarified that he did not intend to call for a vote on the motion.

There being NO further OBJECTION, Item 7 was before the committee.

[9:11:47 AM](#)
AT EASE

[9:12:15 AM](#)
RECONVENED

[9:12:28 AM](#)
AT EASE

[9:13:35 AM](#)
RECONVENED

[9:13:40 AM](#)

Vice-Chair Neuman MOVED to replace the \$917.3 thousand of UGF with \$917.3 of higher education funds and accept the Senate for Item 7. There being NO OBJECTION, it was so ordered.

The action closed all conferencable items in the budget for the Department of Education and Early Development.

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

Vice-Chair Neuman MOVED to ADOPT the Chair's recommendation on the following items for the Department of Labor and Workforce Development budget:

Item 1	House for both motions
Item 3	House

Representative Gara OBJECTED for DISCUSSION. He was not in favor of deleting the deputy commissioner position. He also disagreed with the use of Construction Academy Funds.

Representative Gara WITHDREW the OBJECTION.

There being NO further OBJECTION, it was so ordered. The action closed all conferencable items in the budget for the Department of Labor and Workforce Development.

DEPARTMENT OF LAW

Vice-Chair Neuman MOVED to ADOPT the Chair's recommendation on the following items for the Department of Law budget:

Item 1 Hold

There being NO OBJECTION, it was so ordered. Item 1 remained open for the Department of Law's budget.

DEPARTMENT OF NATURAL RESOURCES

Vice-Chair Neuman MOVED to ADOPT the Chair's recommendation on the following items for the Department of Natural Resources budget:

Item 5 Senate minus \$78.5 thousand and one PCN

There being NO OBJECTION, it was so ordered. The action closed all conferencable items in the budget for the Department of Natural Resources.

DEPARTMENT OF PUBLIC SAFETY

Vice-Chair Neuman MOVED to ADOPT the Chair's recommendation on the following items for the Department of Public Safety budget:

Item 1 House

Item 2 House

There being NO OBJECTION, it was so ordered. The action closed all conferencable items in the budget for the Department of Public Safety.

DEPARTMENT OF REVENUE

Vice-Chair Neuman MOVED to ADOPT the Chair's recommendation on the following items for the Department of Revenue budget:

Item 2 Senate for all three motions
Item 3 Senate for all five motions
Item 4 Hold
Item 5 Hold

There being NO OBJECTION, it was so ordered. Items 4 and 5 remain open for the Department of Revenue's budget.

[9:17:14 AM](#)

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

Vice-Chair Neuman MOVED to ADOPT the Chair's recommendation on the following items for the Department of Transportation and Public Facilities budget:

Item 14 House for the both motions minus \$1.414 million in Vehicle Rental Tax
Item 15 Senate
Item 16 Senate
Item 18 Senate

Representative Gara announced that he did not understand the intent language for Item 18. He felt that the language did not encourage hiring Alaskan workers.

Representative Gara WITHDREW the OBJECTION.

Chair Kelly announced that he would examine that language, and shared that he would address Item 18 should there be a disagreement.

There being NO further OBJECTION, it was so ordered. The action closed all conferencable items in the budget for the Department of Transportation and Public Facilities.

UNIVERSITY OF ALASKA

Vice-Chair Neuman MOVED to ADOPT the Chair's recommendation on the following items for the University of Alaska budget:

Items 1 through 9 House
Item 11 Hold
Item 12 Senate

There being NO OBJECTION, it was so ordered. Item 11 remained open for the University of Alaska's budget.

9:19:23 AM

AT EASE

9:25:58 AM

RECONVENED

9:26:02 AM

Chair Kelly asked for a restatement of the motions for the University of Alaska.

Vice-Chair Neuman restated the motions for the University of Alaska budget.

FUND CAPITALIZATION

Vice-Chair Neuman MOVED to ADOPT the Chair's recommendation on the following items for the Fund Capitalization motion sheet:

Item 1	Hold
Item 2	House
Item 3	House

Representative Gara OBJECTED for DISCUSSION. He surmised that Item 2 was a typo edit.

JAMES ARMSTRONG, STAFF, SENATOR PETE KELLY explained that the Senate version of Item 1 transposed one number, so the House version was the correct version.

Representative Gara WITHDREW the OBJECTION.

There being NO further OBJECTION, it was so ordered. Item 1 remained open in the Fund Capitalization motion sheet.

FUND TRANSFERS

Vice-Chair Neuman MOVED to ADOPT the Chair's recommendation on the following items for the Fund Transfers' motion sheet:

Item 1	Senate
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There being NO OBJECTION, it was so ordered. The action closed all conferencable items in the budget for the Fund Transfers' motion sheet.

LANGUAGE

Vice-Chair Neuman MOVED to ADOPT the Chair's recommendation on the following items for the Language motion sheet:

Item 1	Senate
Item 2	Senate
Item 3	Senate
Item 4	Hold

Representative Gara looked at Item 4, and wondered if there was a recent change to keep it held. Chair Kelly replied in the affirmative.

There being NO OBJECTION, it was so ordered. Item 4 remained open in the Language motion sheet.

MENTAL HEALTH CAPITAL PROJECTS

Vice-Chair Neuman MOVED to ADOPT the Chair's recommendation on the following items for the Mental Health Capital Projects' motion sheet:

Item 1	House
Item 2	House
Item 3	House
Item 4	House
Item 5	Senate

There being NO OBJECTION, it was so ordered. The action closed all conferencable items in the budget for the Mental Health Capital Projects' motion sheet.

[9:29:20 AM](#)
AT EASE

[9:30:18 AM](#)
RECONVENED

[9:30:23 AM](#)

STATEWIDE SALARY ADJUSTMENTS

Vice-Chair Neuman MOVED to ADOPT new Item 1 for the new contractual agreements, to incorporate statewide salary adjustments. He stated that the fund sources on the motion sheets were incorrect, and announced that the Legislative Finance Division (LFD) would correct the mistake in the conference committee action items on their website.

Chair Kelly queried the impact of adopting the contracts.

Mr. Teal explained that adopting the new contracts had a negative \$6.1 million reduction. He stated that there were four contracts: the Marine Engineers; General Government (GGU); Labor Trades and Crafts (LTC); and Confidential. He remarked that the four contracts had been negotiated and ratified. He stated that there was a total of \$2.5 million of GF savings, and \$6.1 million of savings. He explained that the savings was mostly related to the furloughs that were included in the contracts. He announced that the GGU and LTC contracts included some increases in employee health premiums. He remarked that the motion sheets showed the fund sources and amounts listed included both the new contract approvals and the health trust adjustments. He explained that Motion 1 was for only the contracts, so the numbers were too high by approximately \$8.4 million. He stated that the corrected numbers would be reflected in the new version of the conference committee action on the website.

Chair Kelly wondered if a new motion was required to adopt the corrected fund codes, and address the health care fund issues.

Mr. Teal agreed, and explained that there needs to be a motion for the Health Trust contributions.

Chair Kelly announced that only the contracts had been adopted. Mr. Teal agreed.

Co-Chair Neuman MOVED to ADOPT new Items 1 and 2 of the new contractual agreements to incorporate statewide salary adjustments. He stated that the fund sources and amounts in the motion sheets were incorrect. He stated that LFD would correct the motion sheets in the conference committee actions posted on their website.

Representative Gara OBJECTED for DISCUSSION. He wondered what other aspects of the items, besides contracts, would be considered.

Chair Kelly explained that there were multiple aspects of the motion. He stated that he wanted to ensure that the contracts were adopted. He shared that there were some issues related to the insurance fund. He wanted to separate each issue, but the numbers were altered because of the separation.

Representative Gara WITHDREW the OBJECTION.

Vice-Chair Neuman explained that the new item 1 includes a reduction of \$6.1 million for recently negotiated bargaining unit concessions and adds \$8.4 million for health insurance rate increases that were submitted after the House and Senate versions of the operating budget were completed. The new item 2 amends the existing Salary and Benefit Adjustment language in HB 256 and HB 257 to include the new bargaining agreements. The details on the amount by fund source are included in the members' packet and will be made available on Legislative Finance Division's website.

There being NO further OBJECTION, it was so ordered. The other items remained open for the Statewide Salary Adjustments.

Chair Kelly relayed that the next meeting would be held on Monday, April 25 at 3:00 p.m.

HB 256 was HEARD and HELD in committee for further consideration.

HB 257 was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

9:36:27 AM

The meeting was adjourned at 9:36 a.m.