

30TH ALASKA STATE LEGISLATURE  
FIRST SESSION  
CONFERENCE COMMITTEE ON HB57 and HB59  
June 10, 2017  
12:15 p.m.

12:15:28 PM

CALL TO ORDER

Chair Seaton called the Conference Committee meeting on HB57 and HB59 to order at 12:13 p.m.

MEMBERS PRESENT:

House:

Representative Paul Seaton, Chair  
Representative Neil Foster  
Representative Lance Pruitt

Senate:

Senator Lyman Hoffman, Vice-Chair  
Senator Anna MacKinnon  
Senator Donny Olson

MEMBERS ABSENT

None

ALSO PRESENT:

David Teal, Director, Legislative Finance Division;  
Representative DeLena Johnson; Representative Andy Josephson; Representative Mark Neuman; Representative Dan Ortiz; Representative George Rauscher; Representative Dan Saddler; Representative Dave Talerico; Representative Cathy Tilton; Representative Tammie Wilson.

SUMMARY

HB 57        APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 57 was HEARD and HELD in committee for further consideration.

HB 59        APPROP: MENTAL HEALTH BUDGET

CCSHB 59 was REPORTED out of committee.

CS FOR HOUSE BILL NO. 57(FIN) am(brf sup maj fld)(efd fld)

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; repealing appropriations; and making supplemental appropriations and reappropriations."

SENATE CS FOR CS FOR HOUSE BILL NO. 57(FIN) am S

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; repealing appropriations; making supplemental appropriations and reappropriations; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

and

CS FOR HOUSE BILL NO. 59(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."

SENATE CS FOR CS FOR HOUSE BILL NO. 59(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."

[12:16:13 PM](#)

Co-Chair Seaton invited David Teal, Director of the Legislative Finance Division, to join legislators at the table. He reported that the conference committee would be addressing open items in HB 57 and HB 59 based on the motion sheets distributed to members earlier in the day, dated June 10th, on the Department of Health and Social Services, the Department of Natural Resources, the Department of Public Safety, the University of Alaska,

Language Items, Labor Agreements, and Mental Health Capital Projects. He reported that the committee would be taking action on all items applicable to HB 59, the mental health bill, and planned to finalize the Conference Committee report on HB 59 today.

Co-Chair Seaton relayed that the mental health items included wordage that was not strictly mental health, since wordage applicable to a department, appropriation or allocation in HB 57 was duplicated in HB 59 if those same departments, appropriations or allocations had appropriations. He also indicated some non-mental health items would also be taken up.

[12:17:13 PM](#)

Senator Hoffman MOVED to ADOPT the following in the Department of Health and Social Services budget:

Item 1 House  
Item 2 Senate  
Items 3 through 8 OPEN  
Item 9 House  
Item 10 OPEN  
Item 11 House  
Items 12 through 21 OPEN  
Item 22 House  
Item 23 Senate  
Item 24 Senate plus \$262.0 for a revised total of  
minus \$200.0  
Items 25 through 30 OPEN

There being NO OBJECTION, it was so ordered.

Co-Chair Seaton indicated that the action closed conference-able items 1, 2, 9, 11, 22, 23, and 24 in the Department of Health and Social Services, leaving all other items open.

[12:18:36 PM](#)

Senator Hoffman MOVED to ADOPT the following in the Department of Natural Resources budget:

Item 1 Senate minus \$33,900 for a revised total of \$101,800. This funds the position at 75% in

recognition that the position would not be filled on July 1.

Item 2 House  
Item 3 House  
Item 4 OPEN  
Item 5 House as a One-Time Increment

There being NO OBJECTION, it was so ordered.

Co-Chair Seaton indicated that the action closed conference-able Items 1, 2, 3, and 5 in the Department of Natural Resources' budget, leaving Item 4 open.

12:19:28 PM

Senator Hoffman MOVED to ADOPT the following in the Department of Public Safety budget:

Item 8 Senate  
Item 15 Senate  
Item 16 House  
Item 17 Senate  
Item 18 House

Co-Chair Seaton OBJECTED for explanation. He asked Mr. Teal to provide an update on Item 18.

DAVID TEAL, DIRECTOR, LEGISLATIVE FINANCE DIVISION, explained that Item 18 was associated with a planned transfer of four revenue investigators to Department of Public Safety. At one time, it appeared that the revenue investigators would be carrying weapons. Some people felt that the positions should be located within the Department of Public Safety. The item was left open in the previous day when the Legislative Finance Division learned that the transfer might not occur because of an agreement between the two departments. He read from a letter by Dan DeBartolo, Director, Division of Administrative Services, Department of Revenue (copy not on file):

Recently the Division of Personnel completed an investigator study where only positions classified as special investigators will be allowed to carry weapons.

Mr. Teal continued to explain that none of the Department of Revenue's investigative employees received the

designation. The letter also stated that the Department of Public Safety and the Department of Revenue agreed that because the revenue investigators would not be carrying weapons there was no need to move the positions over to the Department of Public Safety as approved by both the House and the Senate. He furthered that the House position would have removed the interagency receipts that revenue would have transferred to fund the positions. Given the situation, he recommended taking the House numbers, which removed interagency funds from the Department of Public Safety because the transfer did not occur. If there was a change to the agreement, the interagency receipts could be transferred in an unbudgeted reimbursable services agreement.

Co-Chair Seaton WITHDREW his OBJECTION.

There being NO OBJECTION, it was so ordered.

Co-Chair Seaton indicated that the action closed the conference-able items in the Department of Public Safety budget.

[12:22:36 PM](#)

Senator Hoffman MOVED to ADOPT the following in the University of Alaska budget:

Item 1	Senate
Item 2	House
Item 3	OPEN

There being NO OBJECTION, it was so ordered.

Co-Chair Seaton indicated that the action closed conference-able Item 1 and Item 2 in the University of Alaska budget, leaving Item 3 open.

[12:23:20 PM](#)

Senator Hoffman MOVED to ADOPT the following in Language Items:

Item 1	Senate
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Representative Pruitt OBJECTED to Item 1.

Co-Chair Hoffman WITHDREW his MOTION.

Senator Hoffman MOVED to ADOPT the following in Language Items:

Item 2      Senate  
Item 3      Senate  
Item 4      OPEN

Co-Chair Seaton indicated that the action closed conference-able Items 2, 3, and 4 in the Language section. [Co-Chair Seaton corrects his statement regarding Item 4: see below].

Co-Chair Hoffman MOVED to ADOPT Language Item 1.

Representative Pruitt relayed that the issue had been brought to him by one of his caucus members. Through the member's investigation, she found that there was a substantial amount of money being used for specialty memberships. The member had argued that the memberships needed to be reevaluated. The House had agreed that reconsideration of some of the specialty memberships was a good idea. He thought the state had spent about \$2 million on specialty memberships. He would have to check on the accuracy of his number. He had not heard that figure directly from the other caucus member.

Representative Pruitt MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: MacKinnon, Foster, Olson, Hoffmann, Seaton  
OPPOSED: Pruitt

The MOTION to ADOPT Language Item 1 PASSED (House: 2/1 - Senate: 3/0).

Co-Chair Seaton corrected his statement on the previous motion. He clarified that the action closed conference-able Items 2 and 3 in the Language section, Item 4 was left open.

[12:26:10 PM](#)

Co-Chair Hoffman MOVED to ADOPT new Language Item 5.

Co-Chair Seaton OBJECTED for explanation.

Mr. Teal offered that the item contained backstop language. The recidivism fund was comprised of marijuana taxes. The tax receipts were not keeping pace with expectations. There was a distinct possibility that the amount of recidivism reduction funds that were appropriated would not be available. The language in item 5 stated that if the funds were insufficient they would be backstopped with general funds. It also went on to say that if the state used general funds and tax receipts became sufficient, the general funds would be reimbursed from the recidivism fund.

Co-Chair Seaton WITHDREW his OBJECTION.

There being NO OBJECTION, Language Item 5 was adopted.

[12:27:39 PM](#)

Co-Chair Hoffman MOVED to ADOPT new Items 1, 2, and 3 in Labor Agreements.

Co-Chair Seaton OBJECTED for explanation.

Mr. Teal explained that typically the Conference Committee adopted labor agreements because they were finished after the House and Senate finished their business - it was normal procedure. He reported that the University of Alaska had added bargaining units. Even though there was no mental health funding for some of the agreements, the state typically printed the labor agreements containing acceptance language in both the Mental Health and the operating bills.

Co-Chair Seaton WITHDREW his OBJECTION.

Representative Pruitt OBJECTED.

Representative Pruitt asked about Item 1. He wanted clarification about the statement that none of the contracts had requests for budget increases. Although they did not include increases in the current year, he wondered if they did in outgoing fiscal years.

Mr. Teal did not know the answer. He believed the numbers were zero but could not guarantee it.

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Co-Chair Hoffman added that in Item 3 the public safety agreement covered FY 18 through FY 20. He relayed that FY 18 base salary would be increased by 6 percent. The increase would begin to close the gap between the Department of Public Safety and other law enforcement agencies. The Department of Public Safety would still be paid less than Anchorage or comparable to Washington state agencies. The wages were at the lower end and the increase would help to close the gap on the hiring of public safety officers, which had a vacancy rate of close to 10 percent.

Co-Chair Seaton WITHDREW his OBJECTION.

Representative Pruitt was clear about the increases in Items 2 and 3. However, he was unclear about Item 1. Since the items were moved together, he would maintain his objection. He had a discussion in the previous day about the fact that the state had not frozen pay during a difficult fiscal time for the state. He understood that the City of Anchorage had increased its wages and that the state was challenged regarding public safety employees because of the precedent that had been set with Anchorage. He recalled that the mayor of Anchorage had said the citizens of Anchorage would have to choose between police and snow removal. He thought the legislature would be faced with similar choices. He thought that a 6 percent increase was not something the state should move forward with in tough fiscal times. He was not saying that public safety officers did not deserve a pay raise. However, deserving and having the means to pay were two separate discussions at present.

Co-Chair MacKinnon wanted the people of Alaska to understand that the state was facing up to a 10 percent vacancy rate. She and Co-Chair Hoffman had met with the governor's chief of staff and confirmed that a 6 percent increase did not apply to everyone. It was a rebalancing of the pay scale for troopers to raise those people entering into the process. Some folks in the contract would receive little to no increase creating a new top. It was a balancing effort that the co-chairman spoke of previously. She did not want Alaskans to think that there was a 6 percent increase. She reported that there was a dollar value and respected the representative's point about whether the state could afford it. The following years were zero, zero. She relayed that it was not just the City of

Anchorage competing for Alaska's public safety officers. In regards to retention and recruitment, other states such as Washington, specifically King County was actively recruiting in Alaska. This was due to the State of Alaska training its troopers and public safety officers very well. Public safety officers were being lured away from Alaska shortly after the state had invested in training because it was non-competitive in the first 5 years of public safety enforcement. She agreed that the legislature had to make a decision whether the state could compete with a 6 percent increase. However, the contract was a rebalancing of the lower end to ensure the state could compete and retain its investment through Alaska's law enforcement training.

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Co-Chair Hoffman added that the crux of the matter was public safety for all Alaskans. He thought the increased crime rate in Alaska was due, in part, to the state not being able to recruit and fill the budgeted public safety officer positions. He attributed those positions remaining unfilled because of Alaska's pay scale. He hoped an adjustment to the pay scale would tip the balance enough to achieve the hiring of new officers. He thought it would help to reverse the crime rates in Alaska and would provide better protection for Alaskan citizens.

Representative Pruitt appreciated the senators continuing the conversation. He agreed about the importance of public safety and indicated his caucus was very passionate about the issue. He thought the state had taken some tools away from Alaska's law enforcement personnel. Without certain tools, he believed some public safety officers would be challenged to do their jobs.

Co-Chair Seaton asked Representative Pruitt to redirect his comments to the budget.

Representative Pruitt commented that his objection was not singling out public safety. He was concerned with growing the state's budget at a time when the state did not have money. He wanted to make a clear distinction.

[12:38:07 PM](#)

AT EASE

[12:41:31 PM](#)

RECONVENED

Co-Chair Hoffman was aware the state was in tough financial times. He and Co-Chair MacKinnon had concerns about a 6 percent increase because it was the largest sum in the contract. They had done additional research, discussed the issue with the Senate President, and addressed it with leadership. In the end, they concluded that public safety as well as other items needed to continue being funded. In order to ensure the public safety of the citizens of Alaska finances to recruit additional officers was necessary which was why they supported the contract.

Co-Chair MacKinnon appreciated Co-Chair Hoffman's comments and mirrored them. She wanted to make sure the people of Alaska understood that the legislature was working hard to run down the numbers on all of the contracts before the committee. They were considering whether they should accept what the administration was negotiating or whether they should reject them sending them back to the bargaining table. She clarified that regarding the University of Alaska budget contract, it was zero. She had been informed that it would not have an effect on a future budget. If there were effects, they would be absorbed. She had just checked with the University of Alaska on the contract before the committee.

Co-Chair MacKinnon reported that \$10 thousand was already embedded into the budget for the increase for the Alaska Vocational and Education Center. She anticipated no future increases in its regular operations. She indicated that in 2015 the Senate leadership sent a letter to the administration asking for zero increases to contracts. Commissioner Fisher had been keeping the legislature advised about the challenges of doing so. She had no hesitation reporting that she anticipated zeros from any of the bargaining units when the legislature was facing huge revenue shortfalls. She appreciated the bargaining units coming to the table and understanding the situation. The issue within Department of Public Safety pertaining to retention and recruitment had been difficult over the previous 3 years. She expected Commissioner Fischer to continue to bargain hard based on the letter sent from Senate Finance, that zero was the acceptable number. If not, employees would have to participate a little more as health costs increased. The legislature was doing everything it could to keep Alaska safe and the budget

floating a little higher than it had in the past. It meant that the legislature had to accommodate reductions in the budgets before the committee.

Representative Pruitt MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Olson, Foster, MacKinnon, Seaton, Hoffman

OPPOSED: Pruitt

The MOTION to ADOPT Labor Agreement Items 1, 2, and 3 PASSED (House: 2/1 - Senate: 3/0).

Labor Agreement Items 1, 2, and 3 were ADOPTED.

Co-Chair Seaton indicated that the action closed the Labor Agreement section.

[12:46:10 PM](#)

Senator Hoffman MOVED to ADOPT the following in the Mental Health Capital budget:

Item 1	Senate
Item 2	House and change fund code 1139 AHFC Dividend to Fund Code 1037 General Fund Mental Health
Item 3	House
Item 4	House
Item 5	Senate for both fund sources

There being NO OBJECTION, it was so ordered.

Co-Chair Seaton indicated that the action closed the conference-able items in the Mental Health Capital budget.

Co-Chair Hoffman moved to give the Legislative Finance Division and Legislative Legal Services the ability to make technical and conforming adjustments to the Conference Committee Substitute for House Bill 59.

Co-Chair Hoffman MOVED to report CCSHB 59 Out of committee with individual recommendations.

There being NO OBJECTION, it was so ordered.

12:47:32 PM

AT EASE

12:48:52 PM

RECONVENED

Co-Chair Seaton conveyed that once the next meeting date and time was determined, the meeting would be noticed on BASIS.

HB 57 was HEARD and HELD in committee for further consideration.

CCSHB 59 was REPORTED out of committee.

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ADJOURNMENT

12:49:18 PM

The meeting was adjourned at 12:49 p.m.