

HOUSE FINANCE COMMITTEE
February 19, 2020
10:03 a.m.

10:03:45 AM

[Note: Meeting continued from February 18, 2020, 1:30 p.m.
See separate minutes dated 2/18/20 1:30 p.m. for detail.]

CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 10:03 a.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Jennifer Johnston, Co-Chair
Representative Dan Ortiz, Vice-Chair
Representative Ben Carpenter
Representative Andy Josephson
Representative Gary Knopp
Representative Bart LeBon
Representative Kelly Merrick
Representative Colleen Sullivan-Leonard
Representative Adam Wool

MEMBERS ABSENT

Representative Cathy Tilton

ALSO PRESENT

Nathaniel Grabman, Staff, Representative Andy Josephson;
Michael Partlow, Fiscal Analyst, Legislative Finance
Division.

PRESENT VIA TELECONFERENCE

SUMMARY

HB 205 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 205 was HEARD and HELD in committee for further consideration.

HB 206 APPROP: MENTAL HEALTH BUDGET

HB 206 was HEARD and HELD in committee for further consideration.

FY 21 BUDGET CLOSEOUTS: UNIVERSITY OF ALASKA

Co-Chair Foster reviewed the agenda for the meeting. The committee would be hearing the subcommittee report for the University of Alaska (UA).

#hb205

#hb206

HOUSE BILL NO. 205

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

HOUSE BILL NO. 206

"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."

[10:04:15 AM](#)

^FY 21 BUDGET CLOSEOUTS: UNIVERSITY OF ALASKA

[10:04:21 AM](#)

Co-Chair Foster invited the testifiers to the table.

NATHANIEL GRABMAN, STAFF, REPRESENTATIVE ANDY JOSEPHSON, introduced himself and read the subcommittee report:

Recommendations:

The House Finance Budget Subcommittee for the University of Alaska submits the following recommended

operating budget for FY2021 to the House Finance Committee:

Fund Source: (dollars are in thousands)
Unrestricted General Funds (UGF) \$287,533.5
Designated General Funds (DGF) \$331,824.1
Other Funds \$82,584.5
Federal Funds \$140,225.9
Total \$842,168.0

The Unrestricted General Fund difference from FY 21 Adjusted Base to the House Subcommittee budget recommendation is a reduction of \$14,500.0 of Unrestricted General Funds, which is 4.8% below FY 21 Adjusted Base.

Positions:

Permanent Full-time 3,994
Permanent Part-time 189
Temporary 0
Total 4,183

Budget:

The House Finance Budget Subcommittee for the University of Alaska reviewed the FY 21 budget request, including amendments, and recommends the following actions:

- Reject proposed UGF reduction, -\$25,000.0 UGF;
- Consolidate the Fairbanks Organized Research allocation into the Fairbanks Campus allocation;
- Reduce University funding, -\$14,500.0 UGF. This amendment incorporates a decrement of -\$25,000.0 UGF and an increment of \$10,500.0 for employee compensation increases approved by the Board of Regents in FY 20 and FY 21.

OTHER COMMITTEE ACTION:

The House Finance Budget Subcommittee for the University of Alaska recommends that the House Finance Committee take the following action:

- Restore reference to the Fairbanks Firefighters Union, IAFF Local 1324, to Sec 24. Salary and Benefit Adjustments of HB 205, pending expected

action February 20-21, 2020 at the University of Alaska Board of Regents meeting.

Co-Chair Foster indicated Representative Knopp had joined the meeting.

[10:06:50 AM](#)

Representative Merrick asked if there was an agreement with the University of Alaska and the administration on the proposed budget.

Mr. Grabman answered affirmatively. He relayed that in August of the prior year a compact agreement was signed between the University of Alaska (UA) Board of Regents and the governor. The detail of the compact was that the University's budget would be reduced by \$25 million in the current year and, the University would have the ability to decide where the cuts would be allocated.

Representative Wool referred to the pay increase for FY 20 and FY 21. He wondered how the increases would be paid. Mr. Grabman responded that the money would be taken out of the total appropriation the University would receive.

Co-Chair Johnston asked for further detail of the Fairbanks Firefighters Union. Mr. Grabman responded that there were currently three bargaining units referenced in Section 24 of HB 205 which had existing contracts with the University. At the time HB 205 was introduced negotiations with the Fairbanks Firefighters Union were ongoing. The contract was expected to be ratified in the following two days. As a result, the Board of Regents agreed to include it in the budget.

Co-Chair Johnston asked if one distribution would occur. She was confused with the allocation of funds. She asked if one appropriation would be provided to the University. Mr. Grabman responded that there would only be a single appropriation.

[10:10:20 AM](#)

Representative Wool asked about payroll increases. Normally the legislature did not single them out. Mr. Grabman replied that other agencies received pay increases as part of contractual obligations. The University was slightly

different in that increases were not necessarily included as an adjusted base. There had been discussion in subcommittee to include the amount in order to do something similar with the University.

Representative LeBon asked if the UA Board of Regents initiated the reference to the Fairbanks Firefighters Union. He wondered what would happen if the Board decided not to take action in the next couple of days. Mr. Grabman responded that the inclusion of the language was requested by the University in a memo addressed to the Office of Management and Budget (OMB) dated January 3, 2020. He could not speak directly to what the effect of not including the language might be.

Representative LeBon was concerned that the UA Board of Regents approved the language. He wondered if OMB had asked that the language be included in the bill.

[10:12:46 AM](#)

MICHAEL PARTLOW, FISCAL ANALYST, LEGISLATIVE FINANCE DIVISION, explained that the University made the request based on its timing of the initial union contracts included in the governor's budget. The University was only able to include union contracts that had already been ratified. The contract with the Fairbanks Firefighters Union was agreed upon after the fact. They made a request to OMB that it be included in the language section of the governor's amended budget. The University made the same request to the legislature.

Co-Chair Foster relayed that agenda for the following meeting.

#

ADJOURNMENT

[10:14:01 AM](#)

The meeting was adjourned at 10:14 a.m.