

HOUSE FINANCE COMMITTEE  
March 18, 2020  
1:57 p.m.

[1:57:01 PM](#)

CALL TO ORDER

Co-Chair Johnston called the House Finance Committee meeting to order at 1:57 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair  
Representative Jennifer Johnston, Co-Chair  
Representative Dan Ortiz, Vice-Chair  
Representative Andy Josephson  
Representative Gary Knopp  
Representative Bart LeBon  
Representative Adam Wool

MEMBERS ABSENT

Representative Ben Carpenter  
Representative Kelly Merrick  
Representative Colleen Sullivan-Leonard  
Representative Cathy Tilton

ALSO PRESENT

Erin Shine, Staff, Representative Jennifer Johnston

PRESENT VIA TELECONFERENCE

Miles Baker, Associate Vice President, Government Relations, University of Alaska.

SUMMARY

HB 235 AK WORKFORCE INVESTMENT BOARD:ALLOCATIONS

CSHB 235(FIN) was REPORTED out of committee with three "do pass" recommendations, three "no recommendation" recommendations, one "amend" recommendation and with one new fiscal impact note by Department of Education and Early

Development, four new fiscal impact notes by the Department of Labor and Workforce Development, and one new fiscal impact note by the University of Alaska.

Co-Chair Johnston reviewed the agenda for the meeting.

#hb235

HOUSE BILL NO. 235

"An Act relating to allocations of funding for the Alaska Workforce Investment Board; and providing for an effective date."

[1:57:41 PM](#)

Co-Chair Foster MOVED to ADOPT proposed committee substitute for HB 235, Work Draft 31-LS1480\K (Neuman\Wayne 3/18/20) (copy on file).

Co-Chair Johnston OBJECTED for discussion.

ERIN SHINE, STAFF, REPRESENTATIVE JENNIFER JOHNSTON, introduced herself.

[1:58:09 PM](#)

AT EASE

[1:58:25 PM](#)

RECONVENED

Ms. Shine reviewed the changes to the CS. She relayed the first change, which removed language related to employee contributions to the Alaska Technical and Vocational Education program (TVEP). She continued to the next change; the numbers in the previous Section 1 had been changed to reflect what was already in statute, this Section 1 was new as the previous was moot. The next change was the insertion of legislative intent in the new Section 1, line 4 through 11. She noted that Section 2 changed the extension date to a 3-year extension rather than a 5-year extension. She pointed out Page 2, line 4 thorough 13, which reverted the percentages back to what was found in statute; there had been an insertion of the Kodiak Marine Science Center, which was removed and addressed in the intent language in Section 1.

2:00:06 PM

Representative Josephson reported that currently the University of Alaska Fairbanks spent its own resources on TVEP.

Ms. Shine deferred to the university. She understood that in previous years the science center had received funding through TVEP.

2:00:43 PM

Representative Josephson restated his question.

2:00:58 PM

MILES BAKER, ASSOCIATE VICE PRESIDENT, GOVERNMENT RELATIONS, UNIVERSITY OF ALASKA (via teleconference), reported that the Kodiak Seafood and Marine Science Center (KSMSC) was part of the College of Fisheries and Ocean Science at UAF, the budget of which had been over \$1 million annually. He said that if there was a request from the KSMSC for TVEP funding, it went through a competitive process and was typically awarded. He said that the average award was for \$40 thousand to \$50 thousand of strictly TVEP funds.

2:02:32 PM

Representative Josephson was wondering about the flexibility the university would retain if it reduced the portion of UGF it provided to KSMSC.

Mr. Baker responded that the funding would be part of the budget that went through the College of Fisheries and Ocean Science. He explained that the concern with the intent language was the reference to AS 16.52.020 and AS 16.52.030; these were not TVEP statutes but were statutes that created and governed KSMSC, which under its statutory authority was involved in more than the programs envisioned through TVEP.

2:04:01 PM

Representative Wool asked whether existing TVEP funding for ASMSC fell under AS 16.52.020 and AS 16.52.030.

Mr. Baker read the intent language such that the University would allocate the amount needed to fund and maintain the programs consistent with the KSMSC and TVEP statutes. He noted that AS 16.52.020, which established the KSMSC, were broader than the programming mandate of TVEP. He speculated that some KSMSC programs could be crafted into TVEP eligible programs.

Representative Wool thought that if the statute was broad, perhaps a smaller program encompassed by the statute would be eligible.

Mr. Baker directed attention to Page 1, line 8 of the bill:

... allocate the amount necessary to sustainably maintain programs consistent with AS 16.52.020 and AS 23.15.820 - 23.15.850 through the Kodiak Seafood Marine Science Center.

Mr. Baker thought that it could be read that the University was maintaining and sustaining programs consistent with the mission of KSMSC and the TVEP mission.

[2:08:40 PM](#)

AT EASE

[2:08:54 PM](#)

RECONVENED

Co-Chair Johnston WITHDREW her OBJECTION.

There being NO further OBJECTION, Work Draft 31-LS1480\K was ADOPTED.

Vice-Chair Ortiz MOVED to ADOPT Conceptual Amendment 1:

Page 1, line 7

Insert a comma and "from the funds received under Section 2 of this act" after the word "allocate."

Co-Chair Johnston OBJECTED for discussion.

Vice-Chair Ortiz explained the amendment tied the intent language to the University's TVEP allocation. He shared that the current language in Section 1 did not specify funding source.

Co-Chair Johnston WITHDREW her OBJECTION.

Co-Chair Foster OBJECTED for discussion.

Co-Chair Foster requested clarity on what the amendment would do regarding funding from the TVEP allocation.

Mr. Baker responded that from reading the amendment, he did not believe that anything would change in the budgeting process for KSMSC but would encourage a focus on the increased use of available TVEP money. He supported the amendment, as it offered clarity about TVEP money. He shared that in 2019, the total budget was slightly less than \$1.7 million in combined UGF, TVEP funds, and unrestricted fund revenue grants brought in by faculty and researchers at KSMSC.

Co-Chair Foster WITHDREW his OBJECTION.

There being NO further OBJECTION, Conceptual Amendment 1 was ADOPTED.

[2:14:08 PM](#)

Co-Chair Foster MOVED to report CSHB 235(FIN) out of Committee with individual recommendations and the accompanying fiscal notes.

Representative Knopp OBJECTED.

Representative Knopp wanted to offer a conceptual amendment.

[2:14:54 PM](#)

AT EASE

[2:22:22 PM](#)

RECONVENED

Representative Knopp WITHDREW his OBJECTION.

There being NO further OBJECTION, it was so ordered.

CSHB 235(FIN) was REPORTED out of committee with three "do pass" recommendations, three "no recommendation" recommendations, one "amend" recommendation and with one new fiscal impact note by Department of Education and Early

Development, four new fiscal impact notes by the Department of Labor and Workforce Development, and one new fiscal impact note by the University of Alaska.

Co-Chair Johnston discussed housekeeping.

[2:23:28 PM](#)

Representative Wool wanted to address a concept that came up during public testimony. He clarified that TVEP funding was not based on payroll or earnings. He thought it was important to consider reviewing performances of the entities funded through TVEP. He reiterated that funding for TVEP was not based on payroll receipts.

[2:24:40 PM](#)

Representative Knopp asked Representative Wool to comment further, as he understood that all funding for the TVEP program was based on employee contributions.

Representative Wool agreed that the funding came from the unemployment fund. He clarified that what he meant was that the way the TVEP program was distributed was not based on the industry's contribution to unemployment. He added that the TEVP programs offered were determined based on the need for certain workforce development.

Representative Knopp asserted that if a particular industry was paying an exorbitant amount in wages and unemployment insurance into the fund there should not be a lack of funding for training in that industry.

#

ADJOURNMENT

[2:26:28 PM](#)

The meeting was adjourned at 2:26 p.m.